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**COPY**  
FROM  
**TENNESSEE SCHUYLKILL CORPORATION**  
CHLORIDE, ARIZONA

August 3, 1945

Collector of Internal Revenue  
Post Office Building  
Phoenix, Arizona

Att: William McRae

Gentlemen:

We enclose herewith two binders containing the following:

1. Balance Sheets and Earnings Statements with Supporting Schedules of our contractors, Mines Operating Company, for the first six months of 1945.
2. A summary based on the figures contained in the above auditor's reports reflecting, in detail, the amount and source of all receipts and the amount of all disbursements with complete explanation showing to whom and for what purpose such disbursements were made.
3. An estimate of the current monthly expenses that must be borne by the Corporation under the terms of the existing Operating Contract, also, an estimate of possible income to the Corporation from residential rentals.
4. A statement of surplus capital assets for sale with supporting schedule.

The writer is planning to be in Phoenix toward the end of the week of August 6th and I shall call at your office at that time.

Yours very truly,

TENNESSEE SCHUYLKILL CORPORATION

By:

*N. A. Wimer*

N. A. Wimer - President

NAW:df - 2 encls.

c.c. Citizens Utilities Co., Kingman  
Att: C.M. Hart (2 binders)  
c.c. Carl G. Krook, Trustee, Kingman  
c.c. Tarr, McComb & Ware  
Att: John Allen Ware, Kingman  
c.c. Geo. M. Colvocoresses, E.M., Phoenix ✓  
c.c. Walter Winsett, Caretaker, Chloride  
c.c. Mines Operating Co., Chloride



AMERICAN SMELTING AND REFINING COMPANY  
Southwestern Ore Purchasing Department  
810 Valley Bank Building  
P. O. Box 2229  
TUCSON, ARIZONA

*Y. M. C.*

Brent N. Rickard  
Manager

August 7, 1944

*Lead*

Mr. M. A. Winer, President  
Tennessee Schuylkill Corporation  
Chloride, Arizona

EXTENSION AND MODIFICATION OF LEAD CONCENTRATES CONTRACT

Dear Sirs:

The present lead concentrates contract under which settlement is being made on product shipped to our El Paso Plant expires September 1, 1944. Subject to your acceptance in the space provided below, we are willing to extend the contract for a period of two years ending August 31, 1946. All other terms of said contract are to remain in full force and effect with the exception of paragraph 2 of the Silver clause, for which substitute the following:

SILVER: If, however, the Seller shall so elect, the price payable for the silver content of Seller's product (Paragraph 2) shall be based on the average of the Handy & Harman New York quotations for foreign silver for the calendar week following date of delivery at the plant of the Buyer, provided, however, that written notice of such election shall be given to the Buyer prior to said date of delivery, and further, that if during said calendar week, in the sole judgment of the Buyer, the market for foreign silver for three months' forward delivery shall be inadequate, and the Buyer shall so notify the Seller, said price shall be based on the average of the Handy & Harman New York quotations for foreign silver for the calendar week including the ninetieth day following said date of delivery.

Yours very truly,

AMERICAN SMELTING AND REFINING COMPANY

Signed By: Brent N. Rickard, Manager  
Southwestern Ore Purchasing Dept.

Accepted:  
TENNESSEE SCHUYLKILL CORPORATION  
Signed By: N. A. Winer  
President



AGREEMENT

TENNESSEE SCHUYLKILL CORPORATION

SELLS and,

AMERICAN SMELTING AND REFINING COMPANY

BUYS

**PRODUCT:** The output of gold-silver-lead ores and concentrates from the properties owned or controlled by Seller at or near Chloride, Mohave County, Arizona, and all such concentrates resulting from milling ores at Seller's properties for account of others, which Seller agrees to ship and deliver regularly and currently as produced.

**ANALYSIS:** Seller agrees to make such output into a product of substantially the following analysis:

Au	Ag	Pb	Cu	Ins.	Fe	Zn	As	Sb	Bi
Oz. per Ton	Oz. per Ton	%	%	%	%	%	%	%	%
0.5	16.0	40.0	0.7	3.5	20.0	5.0	1.5	0.1	0.01

**TONNAGE:** Up to 1,000 tons per month; tonnage in excess of this amount included at option of Buyer, otherwise excluded.

**DURATION:** The period covered by this contract is from September 1, 1942 to September 1, 1944, both dates included, and shall continue indefinitely thereafter unless or until terminated by either party through written notice given to the other party sixty (60) days in advance of date of termination.

**DELIVERY:** F.o.b. cars at unloading bins of Buyer's smelter at El Paso, Texas.

**PRICE:** The purchase price of the product is the sum of the payments less the sum of the deductions next below specified.

PAYMENTS

**GOLD:** Nothing paid for gold if assaying less than .05 of a Troy ounce per dry ton. If .05 of an ounce per dry ton or over, pay for all at \$20.00 per Troy ounce, hereinafter called the "contract price"; provided, however, that, under the conditions set forth in the Gold Schedule hereto attached and expressly made a part hereof, whenever in any calendar month the "realized price" per ounce, as defined in said Schedule, shall exceed the former "mint price" of \$20.674 per ounce, payment shall be made of the contract price plus 90% of said excess for the first five ounces per ton of product, plus 92.5% of said excess for the second five ounces per ton of product, and plus 95% of said excess for that portion of the gold content over and above ten ounces per ton of product; and whenever in any calendar month the "realized price" shall be less than the former "mint price" of \$20.674 per ounce, payment shall be made of the "realized price" less eight percent (8%).

**SILVER:** Pay for 95% on the basis of the "mint price" as defined in the Silver Schedule hereto attached and expressly made a part hereof, except as therein otherwise provided. Minimum deduction one-half Troy ounce per dry ton.

If, however, the Seller shall so elect, the price payable for the silver content of Seller's product shall be based on the average of the Handy & Harman New York quotations for foreign silver for the calendar week following date of delivery at the plant of the Buyer, provided notice of such election shall be given to the Buyer in advance of said quotational period.



LEAD: Deduct from the wet lead assay 1.5 units and pay for ninety percent (90%) of the remaining lead at the average of the daily published quotations of the American Smelting and Refining Company for common desilverized domestic lead for delivery in New York City for the calendar week including date of delivery at the plant of the Buyer, less a deduction of 1.4¢ per pound of lead accounted for. Nothing paid for lead if less than 5% by wet assay.

COPPER: Deduct from the wet copper assay 0.75 units and pay for 100% of the remaining copper at the daily net refinery domestic quotation for Electrolytic Wire Bars, as published in the Engineering and Mining Journal of New York, averaged for the calendar week including the date of delivery at the plant of the Buyer, less a deduction of 5.1¢ per pound of copper accounted for. Nothing paid for copper if less than 0.75% by wet assay.

IRON: Pay for all at 10¢ per unit, fractions in proportion.  
No payment will be made for any metal or content except as above specified.

From the total of the above, make the following

DEDUCTIONS

3.58  
1.50  
4.18

BASE CHARGE: \$3.58 per net dry ton of 2,000 pounds when the wet lead assay is 50%.

For each unit the wet lead analysis is more than 50%, the base charge shall be reduced five cents per ton, fractions in proportion. For each unit the wet lead analysis is less than 50%, the base charge shall be increased eight cents per ton, fractions in proportion.

Add to the base charge 50¢ per ton for each one cent increase in the settlement quotation used for lead over five cents per pound, fractions in proportion. 4.18

ZINC: 8% free; charge for excess at 50¢ per unit, fractions in proportion.

INSOLUBLE: Charge for all at 10¢ per unit, fractions in proportion.

SULPHUR: 2% free; charge for excess at 20¢ per unit, fractions in proportion; maximum charge 50¢ per net dry ton.

MOISTURE: 10% free; charge for excess at 10¢ per unit, fractions in proportion.

ARSENIC AND ANTIMONY COMBINED: 1% free; charge for excess at 50¢ per unit, fractions in proportion.

BISMUTH: One-tenth of one percent (0.1%) of the lead content by wet assay will be allowed free; charge for excess at 50¢ per pound, fractions in proportion.

LABOR: This contract is based upon an average hourly wage (including wages for overtime labor and excluding vacation pay and the wages of foremen and men on construction work) of 67¢, and the difference between the basic average hourly wage (hereinafter referred to as the "base rate") and the average hourly wage paid at Buyer's plant during any calendar month shall be for Seller's account in respect to product delivered during and after the next following month, provided, however, that such difference shall equal or exceed two cents, in which event said average hourly wage paid at said plant shall become the base rate for the purpose of determining further adjustments to be made hereunder. To adjust charge or credit Seller six cents per dry ton for each one cent per hour that the average hourly wage so paid shall be in excess of or less than the base rate, fractions in proportion.

BULLION FREIGHT: This contract is based upon a published all-rail freight rate for lead and copper bullion from El Paso, Texas to New York City of \$15.99 per ton. Any increase or decrease in said rate in effect on the date of delivery at the plant of the Buyer shall be for Seller's account and proper deduction or credit to the extent of lead and copper paid for shall be made accordingly.



FREIGHT AND ADVANCES: Reimburse Buyer for freight paid and advances made to Seller or for Seller's account.

SAMPLING: For sampling less than a carload, charge \$10.00

SETTLEMENT: Buyer will make cash settlement on all shipments on the earliest practicable date following the obtaining of all necessary information.

OTHER TERMS: This agreement, including the provisions of the "Complementary Schedule" hereto attached and expressly made a part hereof, shall come into force and effect when signed by both parties and approved by Executive Committee of Buyer.

Signed and dated as of Sept. 1st 1942.

WITNESS:

TENNESSEE-SCHUYLKILL CORPORATION

Dorothy A. Decker

By N. A. Wimer, Pres.

WITNESS:

AMERICAN SMELTING AND REFINING COMPANY

S. Whitcup

By R. L. Jourda  
Manager, Ore Department

APPROVED by Executive Committee:

G. A. Cricking  
Secretary

Approved as to form  
Legal Department

By CWB 9/6/42



AMERICAN SMELTING AND REFINING COMPANY  
GOLD SCHEDULE

1. At the present time, in consequence of the Gold Reserve Act of 1934 and Regulations issued thereunder, gold recovered from natural deposits in the United States or any place subject to the jurisdiction thereof (hereinafter referred to as "domestic gold") may be sold to United States Mints at a price in excess of the former mint price of \$20.674 per fine ounce, hereinafter called the "mint price".

2. Accordingly, subject to the terms and conditions hereinafter set forth, the payment to be made in respect to the gold content of Seller's product shall be determined with reference to the relation between the mint price and a sum equivalent to the net weighted average price per ounce realized by the Buyer upon all sales of domestic gold of the same qualifications as the gold producible from Seller's product made by Buyer in the United States or abroad during the month of delivery of Seller's product, unless the price currently paid for domestic gold by United States Mints shall be reduced within the period of three calendar months following the month of delivery at Buyer's plant, in which event the net weighted average price to be determined hereunder shall be that realized during the third such calendar month.

3. The said net weighted average price shall mean the gross weighted average price less cost of delivery to place of sale from Buyer's refinery, including cost of insurance, selling expenses paid to others and such other direct expenses as packing costs and cables. The sum equivalent to the said net weighted average price is hereinafter called the "realized price".

4. Whenever in any calendar month the realized price shall exceed the mint price, the amount to be paid in respect to such gold content shall be the sum of the contract price plus the percentage of said excess specified in the gold payment clause of the principal agreement to which this schedule is attached.

5. Whenever in any calendar month the realized price shall be less than the mint price, the amount to be paid in respect to said gold content shall be the realized price less 8%.

6. It is stipulated, however, that whenever in any calendar month the realized price shall be equal to said mint price the amount to be paid in respect to said gold content shall be the contract price.

7. If and when, and during such periods as the gold content of Seller's product shall be qualified for sale to the Mints, and the Mints shall be regularly purchasing such gold at a net price in excess of the mint price, provisional advance payment will be made on the date of agreement upon assays in the amount to become due for gold on final settlement as estimated by the Buyer, upon the condition, however, that if for any reason whatsoever the realized price per ounce shall be less than the provisional advance payment per ounce, Seller shall reimburse Buyer for the difference promptly upon the determination of the realized price.

8. Where such sales of gold by the Buyer are in the currency of any country other than the United States, the money received shall be converted into United States currency at the spot rate of exchange quotation published by the Engineering and Mining Journal for the date or dates of sales, or in the absence of such quotation for any such date or dates at the mean of the high and low exchange quotation published by the New York Journal of Commerce for such date or dates; provided, however, that where the exchange rate is fixed by the United States Treasury or governmental agency other than the Post Office Department for money orders, etc., the rate so fixed will be applied.

9. Seller agrees, in the absence of a free market and so long as gold may be sold only to the Government or by or through Governmental agencies, that as a condition to the Seller's right to receive payment for gold in excess of the contract price, the Buyer's obligation to make such additional payment shall apply only to gold delivered by the Seller which is qualified for such sale, and the Seller further agrees to furnish the Buyer with such affidavits or other proof in respect to the origin of such gold or otherwise as the Buyer may reasonably require to enable it to dispose of such gold in accordance with Governmental requirements or regulations.



GOLD SCHEDULE (CONTINUED)

10. All dealings in gold in the United States, including the acquisition, melting, treating, holding, transporting, selling to the United States Mints, or other disposition thereof, are now subject to control by the United States Government, pursuant to Acts of Congress, and Regulations and Executive Orders issued thereunder. Accordingly it is agreed that if the Buyer shall be directed by the Government to refrain from any such dealings in connection with any of the gold in or obtained from Seller's product, by reason of Seller's failure to comply with Governmental requirements, or for any other reason, the Buyer shall have the right to withhold payment therefor and to retain such gold for return to the Seller, or for such other disposition as the Government may require, free from any liability to account to the Seller for the value thereof.

USAU--A 11-1-40



## AMERICAN SMELTING AND REFINING COMPANY

## SILVER SCHEDULE

1. This schedule shall be applicable to the silver content of Seller's product qualified for delivery to coinage mints of the United States under Act of Congress approved July 6, 1939, and applicable Regulations, whereby silver mined subsequently to July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof may be tendered in exchange for standard silver dollars coined from 55 per centum thereof (or silver certificates or any other coin or currency of the United States in an amount in dollars equal to such standard silver dollars), the remaining 45 per centum, with the consent of the owner, to be deducted and retained by the Mint as seigniorage for services performed by the Government relative to the coinage and delivery of standard silver dollars.

2. Accordingly, for the period of the principal agreement (to which this schedule is attached) during which Buyer shall have the right under said Act of Congress and applicable Regulations to exchange the silver contents of Seller's product for standard silver dollars representing 55 per centum thereof (or an equal amount in other coin or currency of the United States), the payment for silver to be made to Seller shall be 705/8 cents per ounce, being the approximate value per ounce of the standard silver dollars or fractions thereof receivable by Buyer upon such exchange, adjusted to the equivalent value of silver .999 fine and to cover cost of delivery and expense of meeting requirements and conditions prescribed for acceptance at the Mint.

3. Settlement for silver on the basis of 705/8 cents per ounce, which is the Mint price referred to in the principal agreement, shall be subject nevertheless to the deductions specified in said principal agreement, and to the condition that Seller shall furnish Buyer all such certificates, affidavits, or other proofs and reports as may be required from time to time to qualify the entire silver content of Seller's product for delivery to the Mint under said Act of Congress and all applicable Regulations; payment by the Buyer on the basis of the Mint price to be subject also to final acceptance by the Government of the silver covered by Seller's affidavits.

4. The silver content of Seller's product shall be tendered to the United States Mints by Buyer as promptly as practical, that is to say, as soon as may be consistent with operating conditions and Governmental requirements, unless the Seller shall elect to receive payment for said silver on the basis of the Handy & Harman New York quotations for foreign silver specified in the principal agreement, in which event this schedule shall not become applicable thereto, and payment on said basis shall be final.

5. In the event that, for any reason whatsoever the Government shall refuse to accept the silver covered by Seller's affidavit, or the entire silver content of Seller's product shall not be qualified for delivery to the United States Mints, the price payable for the silver content of Seller's product shall be based upon the average of the Handy & Harman New York quotations for foreign silver for the thirty (30) quotational days following the date of such refusal, or following the date when the Buyer shall finally notify the Seller that said silver content is not qualified for delivery to the United States Mints under said Act of Congress and applicable Regulations, whichever date shall sooner occur; and Seller shall refund to Buyer the amount by which the price paid to Seller for silver under this schedule shall be in excess of the amount payable on the basis of said quotations; and furthermore, if the Mint price per ounce payable in respect to silver covered by Seller's affidavit, at the time of tendering the same to the Mint, shall be less than the Mint price per ounce on the basis of which payment shall have been made to Seller, Seller shall reimburse Buyer for the difference applicable to the payable silver content of Seller's product.



AMERICAN SMELTING AND REFINING COMPANY  
COMPLEMENTARY SCHEDULE

**TAXES:** All taxes or other governmental charges, national, local or municipal, now or hereafter imposed in respect to or measured by the product purchased hereunder, or the production, extraction, smelting, refining, sale, transportation, proceeds or value thereof, or of the metals derived therefrom, other than income taxes levied upon the BUYER shall be for account of the SELLER and shall be deducted from the purchase price payable hereunder.

**SAMPLING AND ASSAYING:** Weighing and sampling (at which SELLER or a representative may be present) as done by BUYER according to standard practice, promptly after receipt of product, will be accepted as final. The absence of SELLER or a representative shall be deemed a waiver of the right in each instance. After sampling, the product may be placed in process, commingled, or otherwise disposed of by BUYER. In case of disagreement on assays, an umpire shall be selected in rotation from a list mutually agreed upon whose assays shall be final if within the limits of the assays of the two parties, and if not the assay of the party nearer to the umpire shall prevail. Losing party shall pay cost of umpire. In case of SELLER'S failure to make or submit assays, BUYER'S assays shall govern.

**FORCE MAJEURE:** Prevention or delay in the performance hereof caused by act of nature, strike, fire, flood, traffic interruption, delay in transportation, war, insurrection, or mob violence, requirement or regulation of Government, financial crisis, cessation of operation at smelter for failure of ore supply or other operating requirement, or any disabling cause, without regard to the foregoing enumeration, beyond the control of either party, including, without limitation upon the generality of the foregoing, any cause which would produce a financial loss to either party through performance hereof, in mining, smelting, refining or otherwise, shall entitle the party affected to suspend this contract. A suspension of performance pursuant to this clause shall not have the effect of abrogating the contract, but immediately upon the termination of the cause of disability all the provisions thereof shall again come into full force and effect, and the time of performance of the contract shall be extended for a period equal to the period of suspension, but in no event shall such extended period be of longer duration than the unexpired term of the contract at the time of suspension.

**DEFINITIONS:** A ton is 2,000 lbs. A unit is 1% of a ton, or 20 lbs.

The date of delivery is that date of arrival of the last car or truckload of each lot at BUYER'S plant.

**DIVERSION:** BUYER may sell or divert the product to any other smelter, and any increase or decrease in freight as against delivery as provided in the principal agreement to which this schedule is attached shall be for BUYER'S account.

**SUSPENSION OF QUOTATIONS:** In the event of a suspension of quotations for any cause, resulting in the absence of quotations for the period or date specified in the principal agreement as applicable to any lot of product, the quotations to be used in the case of each such lot, except in respect to the gold content of SELLER'S product, will be those which would be applicable if the date of arrival of the material at the plant of the BUYER occurred that number of days after the date of actual arrival as shall equal the total number of days during which quotations were suspended; and settlement will be made in respect to any metal or metals so affected as soon as such deferred quotations are available, if settlement shall then be due.

**SUCCESSION:** This contract shall bind and inure to the benefit of the parties hereto, their executors, administrators, legal representatives, successors or assigns, and shall be a covenant running with the land.



AMERICAN SMELTING AND REFINING COMPANY

120 BROADWAY

S. H. LEVISON

New York 5, N. Y. July 25, 1944.

*True*

*True*

Tennessee Schuylkill Corporation,  
70 Pine Street,  
New York, N. Y.

Gentlemen:

Attention: Mr. N. A. Wimer, President

The contract between the Tennessee Schuylkill Corporation and the American Smelting and Refining Company dated as of September 1, 1942 and covering the purchase-sale of zinc ores and concentrates is hereby extended for a period of two years to August 31, 1946. Accordingly, the "Duration" clause of said contract shall be deemed amended by substituting "August 31, 1946" for "August 31, 1944" therein.

If you agree to this extension of the contract will you please sign the duplicate copy of this letter and return to us.

Very truly yours,

AMERICAN SMELTING AND REFINING COMPANY

By Signed: S. H. Levison

ACCEPTED:

TENNESSEE SCHUYLKILL CORPORATION

By: N. A. Wimer, President



AGREEMENT

TENNESSEE SCHUYLKILL CORPORATION,  
KINGMAN, ARIZONA -----Sells and

AMERICAN SMELTING AND REFINING COMPANY,  
AMARILLO, TEXAS -----Buys

**PRODUCT:** The output of zinc ores and concentrates from the properties owned or controlled by Seller at or near Chloride, Mohave County, Arizona, and all such concentrates resulting from milling ores at Seller's properties for account of others, which Seller agrees to ship and deliver regularly and currently as produced.

**ANALYSIS:** Seller agrees to make such output into a product of substantially the following analysis:

Gold	0.15 oz. per 2000 lbs.
Silver	5.0 " " " "
Lead	2.0%
Zinc	50%-55%
Iron	4%- 6%

**TONNAGE:** Up to 750 tons per month; tonnage in excess of this amount included at option of Buyer, otherwise excluded.

**DURATION:** The period covered by this contract is from September 1, 1942 to August 31, 1944, both dates included, and shall continue indefinitely thereafter unless or until terminated by either party through written notice given to the other party sixty (60) days in advance of the date of termination.

**DELIVERY:** F. O. B. cars at unloading bins of Buyer's smelter at Amarillo, Texas.

**PRICE:** The purchase price of the product is the sum of the payments less the sum of the deductions next below specified.

PAYMENTS

**GOLD:** Nothing paid for gold if assaying less than .01 of a Troy ounce per dry ton. If .01 of an ounce per dry ton or over, pay for eighty per cent (80%) at \$20.00 per Troy ounce, hereinafter called the "contract price"; provided, however, that, under the conditions set forth in the Gold Schedule hereto attached and expressly made a part hereof, whenever in any calendar month the "realized price" per ounce, as defined in said Schedule, shall exceed the former Mint price of \$20.674 per ounce, payment shall be made of the contract price plus ninety per cent (90%) of said excess; and whenever in any calendar month the "realized price" shall be less than the former Mint price of \$20.674 per ounce, payment shall be made of the "realized price" less eight per cent (8%). Payment in any event is applicable to 80% of content only.

**SILVER:** If five troy ounces (5.0 oz.) per ton or more contained, pay for eighty per cent (80%) of the contents, or if less than five troy ounces (5.0 oz.) per ton contained, deduct one troy ounce (1.0 oz.) and pay for the remainder, in either case at the average of the Handy and Harman New York silver quotations for the calendar week including the date of arrival of the last car of each lot at the plant of the Buyer.

If, however, the silver content of Seller's product shall be qualified for delivery to coinage mints of the United States as provided in the Silver Schedule hereto attached, the Seller shall be entitled to the better of two alternative bases of payment, as follows: The Handy & Harman New York silver quotation or the "Mint price" as defined in said Schedule, whichever is



higher, on the quotation date or on each quotation date within the quotation period, shall be used in determining the amount of payment to be made for silver hereunder.

**LEAD:** Deduct from the wet lead assay as determined at Buyer's plant four (4) units and pay for eighty per cent (80%) of the remaining lead at the average of the daily published quotations of the A. S. & R. Co. for common desilverized domestic lead for delivery in New York City for the calendar week including date of arrival of the last car of each lot at the plant of the Buyer, less a deduction of two cents (2¢) per pound of lead accounted for.

**ZINC:** Pay for eighty-five per cent (85%) of the zinc content at the East St. Louis price for Prime Western zinc as quoted in the Engineering & Mining Journal of New York averaged for the calendar week including the date of arrival of the last car of each lot at the Plant of the Buyer, less a deduction of 3¢ per hundred pounds of zinc accounted for.

No payment will be made for any other metal or content except as above specified.

From the total of the above, make the following

#### DEDUCTIONS

**BASE CHARGE:** Twenty Four Dollars (\$24.00) per net dry ton of concentrates when the zinc quotation used in payment is four and one half cents (4-1/2¢) per pound or less, plus twenty cents (20¢) for each one-tenth cent (1/10¢) increase in the quotation for zinc used in payment up to five cents (5¢), fractions in proportion.

Twenty Five Dollars (\$25.00) when the zinc quotation used in payment is five cents (5¢), plus forty cents (40¢) for each one-tenth cent (1/10¢) increase in the quotation for zinc used in payment up to five and one half cents (5-1/2¢), fractions in proportion.

Twenty Seven Dollars (\$27.00) when the zinc quotation used in payment is five and one half cents (5-1/2¢), plus two dollars (\$2.00) for each one cent (1¢) increase in the quotation for zinc used in payment above five and one half cents (5-1/2¢), fractions in proportion.

**IRON:** Seven per cent (7%) free, excess to be charged at the rate of fifty cents (50¢) per unit, fractions in proportion.

#### LABOR

**DIFFERENTIAL:** This contract is based upon an average hourly wage (including wages for overtime labor and excluding vacation pay and the wages of foremen and men on construction work) of 89.1 cents, as determined for the month of June, 1942, and the difference between the basic average hourly wage (hereinafter referred to as the "base rate") and the average hourly wage paid at Buyer's plant during any calendar month shall be for Seller's account in respect to product delivered during and after the next following month, provided, however, that such difference shall equal or exceed two cents, in which event said average hourly wage paid at said plant shall become the base rate for the purpose of determining further adjustments to be made hereunder. To adjust, charge or credit Seller 15 cents per dry ton for each 1 cent per hour that the average hourly wage so paid shall be in excess of or less than the base rate, fractions in proportion.

#### SPELTER (SLAB ZINC)

**FREIGHT:** This contract is based on the present freight rate on spelter (slab zinc) from Amarillo, Texas to East St. Louis, Illinois, of 31¢ per hundred pounds. Any increase or decrease in this rate shall be for Seller's account and proper credit or deduction for zinc paid for shall be made accordingly.



FREIGHT: Deduct freight and other advances made by Buyer.

SAMPLING: Deduct a charge of Ten Dollars (\$10.00) for sampling less than a carload.

SETTLEMENT: Buyer will make cash settlement on all shipments without delay following the obtaining of all necessary information.

OTHER TERMS: This agreement includes the provisions of the "Complementary Schedule" hereto attached and expressly made a part hereof.

PRIOR CONTRACT: This contract shall supersede and cancel the contract between the parties dated September 1, 1936, as amended and extended, relating to the purchase and sale of zinc concentrates; provided, however, that said contract dated September 1, 1936, as amended and extended, shall govern all settlements between the parties in respect of zinc concentrates delivered to Buyer's plant prior to September 1, 1942.

This contract shall come into force and effect when signed by both parties and approved by Executive Committee of Buyer.

Signed and dated as of Sept. 1st 1942

Witness

Dorothy A. Decker

Witness

May H. Smith

TENNESSEE SCHUYLKILL CORPORATION

By N. A. Wimer, Pres.

AMERICAN SMELTING AND REFINING COMPANY

By S. H. Levison

APPROVED By Executive Committee:

G. A. Cricking

Secretary



AMERICAN SMELTING AND REFINING COMPANY

GOLD SCHEDULE

1. The net weighted average price per ounce realized by the BUYER upon all sales of gold originating in mines of the United States, referred to in the Principal Agreement and hereinafter called the "realized price", shall be determined by deducting from the gross weighted average price all costs of delivery to place of sale from BUYER'S refinery, including cost of insurance, selling expenses paid to others and such other direct expenses as packing costs and cables.

2. If and when, and during such periods as the gold content of SELLER'S product shall be qualified for sale to United States Mints, provisional advance payment shall be made on the date of agreement upon assays in the amount to become due on final settlement as estimated by the BUYER.

3. Final settlement for the gold content of SELLER'S product, on the basis of the "realized price", shall be made as soon as practicable after the close of the month of delivery, and over or under payments provisionally made in advance will be adjusted by payment of the difference by the BUYER or SELLER as the case may be.

4. Where such sales of gold by the BUYER are in the currency of any country other than the United States, the money received shall be converted into United States currency at the spot rate of exchange quotation published by the Engineering and Mining Journal for the date or dates of sales, or in the absence of such quotation for any such date or dates at the mean of the high and low exchange quotation published by the New York Journal of Commerce for such date or dates; provided, however, that where the exchange rate is fixed by the United States Treasury or governmental agency other than the Post Office Department for money orders, etc., the rate so fixed will be applied.

5. The SELLER agrees to furnish the BUYER with such affidavits or other proof in respect to the origin of SELLER'S product and the gold content thereof, or otherwise, as the BUYER may reasonably require to enable it to dispose of such gold in accordance with Governmental requirements or regulations.

6. All dealings in gold in the United States, including the acquisition, melting, treating, holding, transporting, selling to the United States Mints, or other disposition thereof, are now subject to control by the United States Government, pursuant to Acts of Congress, and Regulations and Executive Orders issued thereunder. Accordingly it is agreed that if the BUYER shall be directed by the Government to refrain from any such dealings in connection with any of the gold in or obtained from SELLER'S product, by reason of SELLER'S failure to comply with Governmental requirements, or for any other reason, the BUYER shall have the right to withhold payment therefor and to retain such gold for return to the SELLER, or for such other disposition as the GOVERNMENT may require, free from any liability to account to the SELLER for the value thereof.



## AMERICAN SMELTING AND REFINING COMPANY

## SILVER SCHEDULE

1. This schedule shall be applicable to the silver content of Seller's product qualified for delivery to coinage mints of the United States under Act of Congress approved July 6, 1939, and applicable Regulations, whereby silver mined subsequently to July 1, 1939, from natural deposits in the United States or any place subject to the jurisdiction thereof may be tendered in exchange for standard silver dollars coined from 55 per centum thereof (or silver certificates or any other coin or currency of the United States in an amount in dollars equal to such standard silver dollars), the remaining 45 per centum, with the consent of the owner, to be deducted and retained by the Mint as seigniorage for services performed by the Government relative to the coinage and delivery of standard silver dollars.

2. Accordingly, for the period of the principal agreement (to which this schedule is attached) during which Buyer shall have the right under said Act of Congress and applicable Regulations to exchange the silver contents of Seller's product for standard silver dollars representing 55 per centum thereof (or an equal amount in other coin or currency of the United States), the payment for silver to be made to Seller shall be 705/8 cents per ounce, being the approximate value per ounce of the standard silver dollars or fractions thereof receivable by Buyer upon such exchange, adjusted to the equivalent value of silver .999 fine and to cover cost of delivery and expense of meeting requirements and conditions prescribed for acceptance at the Mint.

3. Settlement for silver on the basis of 705/8 cents per ounce, which is the Mint price referred to in the principal agreement, shall be subject nevertheless to the deductions specified in said principal agreement, and to the condition that Seller shall furnish Buyer all such certificates, affidavits, or other proofs and reports as may be required from time to time to qualify the entire silver content of Seller's product for delivery to the Mint under said Act of Congress and all applicable Regulations; payment by the Buyer on the basis of the Mint price to be subject also to final acceptance by the Government of the silver covered by Seller's affidavits.

4. The silver content of Seller's product shall be tendered to the United States Mints by Buyer as promptly as practicable, that is to say, as soon as may be consistent with operating conditions and Governmental requirements, unless the Seller shall elect to receive payment for said silver on the basis of the Handy & Harman New York quotations for foreign silver specified in the principal agreement, in which event this schedule shall not become applicable thereto, and payment on said basis shall be final.

5. In the event that, for any reason whatsoever the Government shall refuse to accept the silver covered by Seller's affidavit, or the entire silver content of Seller's product shall not be qualified for delivery to the United States Mints, the price payable for the silver content of Seller's product shall be based upon the average of the Handy & Harman New York quotations for foreign silver for the thirty (30) quotational days following the date of such refusal, or following the date when the Buyer shall finally notify the Seller that said silver content is not qualified for delivery to the United States Mints under said Act of Congress and applicable Regulations, whichever date shall sooner occur; and Seller shall refund to Buyer the amount by which the price paid to Seller for silver under this schedule shall be in excess of the amount payable on the basis of said quotations; and furthermore, if the Mint price per ounce payable in respect to silver covered by Seller's affidavit, at the time of tendering the same to the Mint, shall be less than the Mint price per ounce on the basis of which payment shall have been made to Seller, Seller shall reimburse Buyer for the difference applicable to the payable silver content of Seller's product.



AMERICAN SMELTING AND REFINING COMPANY

COMPLEMENTARY SCHEDULE

**TAXES:** All taxes or other governmental charges, national, local or municipal, now or hereafter imposed in respect to or measured by the product purchased hereunder, or the production, extraction, smelting, refining, sale, transportation, proceeds or value thereof, or of the metals derived therefrom, other than income taxes levied upon the BUYER, shall be for account of the SELLER and shall be deducted from the purchase price payable hereunder.

**SAMPLING AND ASSAYING:** Weighing and sampling (at which SELLER or a representative may be present) as done by BUYER according to standard practice, promptly after receipt of product, will be accepted as final. The absence of SELLER or a representative shall be deemed a waiver of the right in each instance. After sampling, the product may be placed in process, commingled, or otherwise disposed of by BUYER. In case of disagreement on assays, an umpire shall be selected in rotation from a list mutually agreed upon whose assays shall be final if within the limits of the assays of the two parties, and if not the assay of the party nearer to the umpire shall prevail. Losing party shall pay cost of umpire. In case of SELLER'S failure to make or submit assays, BUYER'S assays shall govern.

**FORCE MAJEURE:** Prevention or delay in the performance hereof caused by act of nature, strike, fire, flood, traffic interruption, delay in transportation, war, insurrection or mob violence, requirement or regulation of Government, financial crisis, cessation of operation at smelter for failure of ore supply or other operating requirement, or any disabling cause, without regard to the foregoing enumeration, beyond the control of either party, including, without limitation upon the generality of the foregoing, any cause which would produce a financial loss to either party through performance hereof, in mining, smelting, refining or otherwise, shall entitle the party affected to suspend this contract. A suspension of performance pursuant to this clause shall not have the effect of abrogating the contract, but immediately upon the termination of the cause of disability all the provisions thereof shall again come into full force and effect, and the time of performance of the contract shall be extended for a period equal to the period of suspension, but in no event shall such extended period be of longer duration than the unexpired term of the contract at the time of suspension.

**DEFINITIONS:** A ton is 2,000 lbs. A unit is 1% of a ton, or 20 lbs.

The date of delivery is the date of arrival of the last car or truckload of each lot at BUYER'S plant.

**DIVERSION:** BUYER may sell or diver the product to any other smelter, and any increase or decrease in freight as against delivery as provided in the principal agreement to which this schedule is attached shall be for BUYER'S account.

**SUSPENSION OF QUOTATIONS:** In the event of a suspension of quotations for any cause, resulting in the absence of quotations for the period or date specified in the principal agreement as applicable to any lot of product, the quotations to be used in the case of each such lot, except in respect to the gold content of SELLER'S product, will be those which would be applicable if the date of arrival of the material at the plant of the BUYER occurred that number of days after the date of actual arrival as shall equal the total number of days during which quotations were suspended; and settlement will be made in respect to any metal or metals so affected as soon as such deferred quotations are available, if settlement shall then be due.

**SUCCESSION:** This contract shall bind and inure to the benefit of the parties hereto, their executors, administrators, legal representatives, successors or assigns, and shall be a covenant running with the land.



ARTICLES OF PARTNERSHIP

MINES OPERATING COMPANY

Agreement of Partnership entered into this 8th day of December, 1944, at Chloride, Count of Mohave, State of Arizona, by J. R. PAYNE, RAY G. HALL, VINKO DRAGECH, MIKE YOVICH, WM. WATCHMAN, W. J. ANDREWS, JACK MAKELA, DOM SATORIS, R. A. THURSTIN, JOS. G. O'BRIEN, W. ELTON BARNES, JOHN MULHERN, R. L. NARDINI, C. A. SHULL, D. M. KIMSEY, the undersigned, all of Mohave County Arizona, as follows:

1. NAME: The name of said partnership shall be MINES OPERATING COMPANY, and the partnership will hereinafter be referred to as COMPANY.
  
2. BUSINESS: The COMPANY is organized primarily for the purpose of taking over and operating the TENNESSEE-SCHUYLKILL mine and mill at Chloride, Arizona, in accordance with the terms and conditions specified in that certain proposed Operating Contract dated December 8, 1944, between said Corporation and this partnership, a copy of which is attached hereto, marked Exhibit "A", and made a part hereof. The COMPANY may also engage in operating other mining properties as may from time to time be taken over by the COMPANY.
  
3. PLACE OF BUSINESS: The business of the COMPANY shall be carried on and conducted in Mohave County, Arizona, and in such other places as from time to time may be deemed advisable.
  
4. MANAGEMENT: The affairs of the COMPANY shall be managed by a committee of three of its members, who shall hold office until their successors are elected and have qualified. For the duration of the co-partnership said committee shall consist of J. R. PAYNE and RAY G. HALL, and a third member who shall be elected by a vote of the majority of members present at any regular meeting, such third member to hold office for one year. J. R. PAYNE shall act in the capacity of Superintendent, and the committee shall appoint one of its committee members as Secretary-Treasurer.

Such manager committee shall have charge



of the affairs of the COMPANY, collect and disburse COMPANY funds, designate a bank depository, and such deposits shall be subject to withdrawal by COMPANY check signed by said J. R. PAYNE, as Superintendent. Said J. R. PAYNE is hereby empowered and authorized to execute any and all contracts and commitments for and on behalf of the COMPANY.

5. MEETINGS: Annual meetings of the COMPANY shall be held on the second TUESDAY in JANUARY each year. Regular monthly meetings may be held twice monthly, on the 1st and 15th days thereof. The Manager Committee shall be present at each meeting, and the Superintendent, or such other member as may be chosen, shall preside, and from the members present shall be chosen a Secretary who shall keep minutes of the meeting. The third member of the Manager Committee shall be elected at the annual meeting, and until the first annual meeting said committee shall act through said J. R. PAYNE and RAY G. HALL.

6. CAPITAL AND SERVICE: Each member of the COMPANY shall contribute his time and service as may be required.

The capital of the COMPANY shall consist of funds built up from operating profits, as provided in 8 (c) herein.

7. LIVING EXPENSES: As soon as sufficient capital has been accumulated, each member shall be entitled to draw for living expenses a sum not exceeding \$200.00 per month.

8. DISTRIBUTION OF CAPITAL: At the end of each month the operating proceeds shall be summed up, which funds then on hand shall be distributed as follows:

- (a) To the payment of material, supplies, electric power and light, and all other operating expenses, and also to the payment of bills for new equipment and tools;
- (b) To the payment of the living expenses mentioned in the next preceding paragraph 7.
- (c) To the establishment of an operating fund in such sum as may be determined by the COMPANY;
- (d) The final remainder shall be divided equally among the members, share and share alike.



9. PROFIT AND LOSS: The profits and losses of the COMPANY shall be borne equally by the members.
  
10. NEW MEMBERS: New members may be taken in from time to time under such regulations as may be fixed by the COMPANY, and such new members shall share in the operating fund as such fund may accrue from the date of his membership, in the same manner and to the same extent as the other members.
  
11. OUTGOING MEMBERS: A member may resign as member of the COMPANY at any time, subject to his pro rata share of the capital and property of the COMPANY, as may be determined by the COMPANY.
  
12. EXPULSION: Any member may be expelled from the COMPANY for cause by a majority vote of the members. In such case the Superintendent shall present a complaint to the COMPANY setting forth the acts complained of, and any adjustment of interest of such member in the capital and property of the COMPANY shall be determined by the COMPANY.

IN WITNESS WHEREOF, we have executed these Articles of Co-partnership in duplicate the day and year first above written.

(s) <u>VINKO DRAGECH</u>	(s) <u>R. L. NARDINI</u>
(s) <u>MIKE YOVICH</u>	(s) <u>C. A. SHULL</u>
(s) <u>WM. WATCHMAN</u>	(s) <u>RAY G. HALL</u>
(s) <u>W. J. ANDREWS</u>	(s) <u>D. M. KIMSEY</u>
(s) <u>JACK MAKELA</u>	(s) <u>J. R. PAYNE</u>
(s) <u>DOM SATORIS</u>	_____
(s) <u>R. A. THURSTIN</u>	_____
(s) <u>JOS. G. O'BRIEN</u>	_____
(s) <u>W. ELTON BARNES</u>	_____
(s) <u>JOHN MULHERN</u>	_____



STATE OF ARIZONA)  
                                  ) ss  
COUNTY OF MOHAVE)

On this the 13th day of December, 1944, before me, CARL G. KROOK, the undersigned officer, personally appeared VINKO DRAGECH, MIKE YOVICH, WM. WATCHMAN, W. J. ANDREWS, JACK MAKELA, DOM SATORIS, R. A. THURSTIN, JOS. G. O'BRIEN, W. ELTON BARNES, JOHN MULHERN, R. L. NARDINI, C. A. SHULL, RAY G. HALL, D. M. KIMSEY and J. R. PAYNE, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged that they executed the same for the purpose therein contained.

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

My commission expires July 15, 1947.

(SEAL)

(s) CARL G. KROOK  
\_\_\_\_\_  
Notary Public



APPOINTMENT OF TRUSTEE

Agreement entered into this 8th day of December, 1944, by and between TENNESSEE-SCHUYLKILL CORPORATION, a Delaware corporation, of Chloride, Arizona, first party, and MINES OPERATING COMPANY, a partnership, of the same place, second party, for the appointment of a trustee, as follows:

WHEREAS, said parties have heretofore entered into an Operating Contract dated December 8, 1944, whereby second party agrees to operate the mill and mine of first party at Chloride, Arizona, pursuant to the terms and conditions therein provided, a copy of which Contract is attached hereto, marked Exhibit "A", and made a part hereof; and

WHEREAS, it is provided in #16 of said Operating Contract that the Smelter proceeds from the products of said mine shall be paid by the Smelter to a trustee appointed by the mutual agreement of the parties, which Smelter returns are to be distributed by such trustee in the manner provided in said #16 of said Operating Contract;

NOW, THEREFORE, in consideration of the premises, said parties have mutually appointed, and do hereby appoint, CARL G. KROOK, of Kingman, Mohave County, Arizona, to act for them as trustee under said Operating Contract, for the purpose and pursuant to the terms and conditions following:

1. PURPOSE: The purpose of said appointment is to provide a convenient method of receiving Smelter returns and distributing the same in accordance with the terms of said Operating Contract.
2. SMELTER RETURNS: By the words "Smelter returns" is meant (a) all sums which may hereafter become due and payable from AMERICAN SMELTING AND REFINING COMPANY on shipments of zinc and lead concentrates under said Operating Contract Exhibit "A"; and (b) all premium payments to become due and payable from METALS RESERVE COMPANY on all zinc and lead concentrates shipped to said Smelting Company under said Operating Contract Exhibit "A".
3. PAYMENT BY SMELTER: All Smelter returns shall be remitted by Smelter direct to VALLEY NATIONAL BANK, at Kingman, Arizona, for deposit to the credit of said CARL G. KROOK, as trustee, T-S Corp., and with said remittance the Smelter shall include four copies of Smelter settlement sheets, one of which shall go to each of said first and second parties, and the remaining two to the trustee.



4. COMPENSATION OF TRUSTEE: The trustee shall be compensated for his services at the rate of one-half of 1% of the Smelter returns deposited by the Smelter in said Trust Account, one-half of which shall be borne by first party and the other one-half by second party.
5. DISTRIBUTION OF RETURNS: The Smelter returns so deposited in said bank shall be distributed by the trustee as follows:

From any such Smelter return the trustee shall first deduct the said amount of his compensation;

The remainder shall be distributed:

- (a) 90% thereof to second party by trustee check drawn upon said Trust Account;
  - (b) 10% thereof shall be retained by the trustee subject to the order and instructions of first party.
6. TRUSTEE'S MONTHLY REPORT AND ACCOUNT: The trustee shall at the close of each calendar month render an account and report of all moneys received and paid out by him during said month, a copy of which shall be delivered to each of said parties and to such creditors of first party as may desire the same.

IN WITNESS WHEREOF, said parties have executed this Agreement in duplicate this 8th day of December, 1944.

TENNESSEE-SCHUYLKILL CORPORATION,

By \_\_\_\_\_  
President

MINES OPERATING COMPANY,

By \_\_\_\_\_  
Superintendent



STATE OF ARIZONA)  
                  ) ss  
COUNTY OF MOHAVE)

On this the 13th day of December, 1944, before me, W. L. ROBINSON, the undersigned officer, personally appeared N. A. WIMER, who acknowledged himself to be the President of TENNESSEE-SCHUYLKILL CORPORATION, a corporation, and that he as such President, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as President.

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

My commission expires August 22, 1946.

(SEAL)

\_\_\_\_\_  
(s) W. L. ROBINSON  
Notary Public

STATE OF ARIZONA)  
                  ) ss  
COUNTY OF MOHAVE)

On this the 13th day of December, 1944, before me, W. L. ROBINSON, the undersigned officer, personally appeared J. R. PAYNE, of the County of Mohave, State of Arizona, member and officer of MINES OPERATING COMPANY, known to me to be the person described in the foregoing instrument, and acknowledged that he executed the same in the capacity therein stated and for the purpose therein contained.

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

My commission expires August 22, 1946.

\_\_\_\_\_  
(s) W. L. ROBINSON  
Notary Public



ACCEPTANCE OF TRUST

I, CARL G. KROOK, trustee named in the foregoing instrument, do hereby accept said trust and agree to the terms thereof.

Dated Kingman, Arizona, December 8, 1944.

\_\_\_\_\_  
Trustee

STATE OF ARIZONA )  
                          ) ss  
COUNTY OF MOHAVE )

On this the 13th day of December, 1944, before me, W. L. ROBINSON, the undersigned officer, personally appeared CARL G. KROOK, known to me to be the person whose name is subscribed to the foregoing Acceptance of Trust, and acknowledged that he executed the same for the purpose therein contained.

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

My commission expires August 22, 1946.

\_\_\_\_\_  
Notary Public



June 25th, 1945

Mr. N. A. Wimer, President  
Tennessee Schuylkill Corporation  
Chloride, Arizona

Dear Mr. Wimer:

Your letter of June 20th was received on the morning of the 22nd, together with the affidavits and premium settlement sheets as noted in the accompanying report.

I am very glad that you decided to send me these statements, since they have made it possible to recalculate my results more accurately than could be done on the basis of the smelter sheets alone, particularly in reference to the settlement made by the Metals Reserve Company for lead in the zinc concentrates concerning which I did not previously have complete information.

Also the revision of all of my previous figuring now makes it appear that it will be much simpler and more accurate to base the division of returns between the operators and the Tennessee Company on the pounds of lead and zinc contained in the concentrates delivered to the smelters as per the affidavits rather than upon the pounds of these metals actually paid for by the smelters as I had done in my report of June 8th.

Considering the percentages of metals contained which are actually paid for by the smelters the payment to the Tennessee Company which I suggest in this revised report is not very different from that which I had suggested on June 8th in respect to lead and it is somewhat more favorable in respect to zinc, but I am satisfied that they are more accurate and representative of the true facts and will also be much easier to calculate.

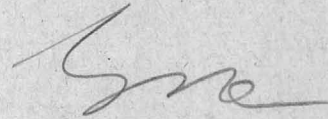
I am sorry that these affidavits were not sent me at the outset since they would have made it unnecessary to go over a great many calculations two or three times and I should have been able to get my report to you just that much more quickly. I had hoped to get off this report and letter on the afternoon of June 23rd, but was obliged to devote a part of that day to work already in hand for other clients, so that I could not possibly complete my figuring for the Tennessee Company until today.



Mr. N. A. Wimer  
June 25th, 1945  
Page 2

Subsequent to dictating this letter and my report, of which three copies are enclosed, I have received your letter of June 22nd, and regret that in previous correspondence I rather carelessly referred to "lessees" and "Royalty payments" since I realize that you do not consider that your property is being operated under a lease, but I think that you will find that the enclosed report which refers specifically to a "division of returns between the Tennessee Company and the Operating Company" will meet your requirements in this respect.

Yours very truly,

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

GMC/b  
Enclosures  
(3 copies of Revised Report)



**TENNESSEE SCHUYLKILL CORPORATION**  
**CHLORIDE, ARIZONA**

June 4, 1945

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

*Ca 6/5 45*

Dear Mr. Colvocoresses:

Referring to our conversation when I called at your office June 1st, we are enclosing the following:

1. Operating contract dated December 8, 1944 between Tennessee Schuykill Corporation and Mines Operating Company. ✓
2. Appointment of Trustee dated December 8th as called for in Operating Contract. ✓
3. Articles of Partnership, Mines Operating Company dated December 8, 1944. ✓
4. Copy of existing contract between Tennessee Schuykill Corporation and American Smelting & Refining Company, El Paso. ✓
5. Copy of existing contract between Tennessee Schuykill Corporation and American Smelting & Refining Company, Amarillo. ✓
6. Lead smelter settlement sheets as follows:

Our Lot #525-L ✓  
526-L ✓  
527-L ✓  
528-L ✓  
529-L ✓  
530-L ✓

7. Zinc smelter settlement sheets as follows:

Our Lot #509-Z ✓  
510-Z ✓  
511-Z ✓  
512-Z ✓  
513-Z ✓

8. Maximum Price Regulation #356 issued by Office of Price Administration. ✓

Our difficulties are as follows. The O.P.A. have declared our operating contract to be a lease. While we do not share this view we felt that it might be less expense and annoyance to comply with their regulation than to establish the fact in their minds that this operation is not a lease.

Mr. George M. Colvocoresses

Page #2.

June 4, 1945

Referring to M.P.R. #356 enclosed, you will find on Page #2 a paragraph marked, which states that no royalties can be paid on leases from B or C Premiums. This rule has been applied to our operating contract by the O.P.A. Paragraph #16 of the Operating Contract must be amended to conform with this rule. This will of course call for an amendment of paragraph #5 of the Appointment of Trustee.

The Premiums that have been granted the Tennessee Mine by the Quota Committee are as follows:

Copper	A Zero
Lead	A & B Zero
Zinc	A, B & C Zero

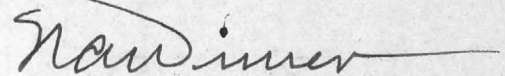
What we would like you to do for us is to work out a figure that will be as close as possible to 10% of the price per pound received for Lead and Zinc shipped from the Tennessee Mine. With this information it should be possible for our attorney to draw an amendment to the existing contract that will comply with the rules of the O.P.A. If you could have this information in my hands here at Chloride by Saturday, June 9th, it would be appreciated.

The papers enclosed may be retained for your files with the exception of the Smelter Settlement Sheets listed above which should be returned for the Corporation's files when you have finished with them.

Very truly yours,

TENNESSEE SCHUYLKILL CORPORATION

By



N. A. Wimer - President

NAW:D

c. c. Mines Operating Company  
Carl G. Krook  
Collector of Internal Revenue, Phoenix  
Att: Robert Taylor



TRENCH-FLUX MINE ZINC CONCENTRATE

Terms:

Zinc, pay for 85% @ 8.25¢ less .29¢ = 7.96¢

Thus a 50% conc. would call for payment for 850# @ 7.96 = 57.66  
less freight \$6.23 and treatment 32.41 + , or say \$38.66 leaving  
\$19.00 which would represent only 1.9¢ per # zn. in concentrates  
or 2.24 per # of zn. paid for.

TENNESSEE

LEAD CONTRACT:--

Deduct 30# per ton and pay for 90% of balance at market less 1.4¢

Thus with lead @ 6.50 and 50% conc. would pay for 90% of 970# - 873# @

\$5.10 = \$44.52.

Base smelter charge = \$4.28 plus penalties, etc.,  
making total charge about \$6.00 and freight say \$7.25=  
say 13.52. leaving \$31.00 which would equal 3.1¢ per lb.  
lead in concentrate or 3.55 per # paid for.



Tennessee Shovelhill Corp.  
Zinc Concentrated

	2/15/45 Lot 509-3	3/1/45 Lot 510-3	3/13/45 Lot 511-3	5/1/45 Lot 512-3	
Gold	0.07	0.095	0.08	0.09	0.075
Silver	2.155	3.12	3.44	4.04	4.31
Wet Lead	10.275	2.4	2.8	3.75	5.125
Wet Copper	0.35	0.47	0.5	0.42	0.42
Zinc	46.25	50.6	49.55	45.08	43.8
Iron	8.5	9.45	9.45	12.1	12.25

**NYE A. WIMER**  
530 WEST SIXTH STREET  
LOS ANGELES 14, CALIFORNIA

June 13, 1945

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

Dear Mr. Colvocoresses:

Your telegram of June 7th and your letter of June 8th with the three copies of your report were received by me in Chloride just before I left there. I came into Los Angeles on Sunday, June 10th.

I doubt if your suggestion of all payments by the smelters and Metals Reserve be made direct to the contractors would be practical and even though it could be worked out, it would not circumvent Maximum Price Regulation 356, a copy of which I sent you. The smelter contracts are in the name of the Corporation and I suppose that the smelters would be willing to make their settlements to anyone designated by the Corporation if they had proper authorization on file. When it comes to the Metals Reserve settlements, I imagine the entire premium assignments made by the Quota Committee would have to be overhauled in order to have payments for premium metals by the Metals Reserve made to anyone but the one to whom the quota and premium were assigned.

In addition to the above, there would be the complication of doing away with the present trustee setup and getting some other form of trust to receive and disburse the company's end of the money received. As matters stand now, the Collector of Internal Revenue, to whom practically all of the company's money must go until back taxes are satisfied, is in agreement with the present setup. It seems to me that by the time we changed it and got the Collector of Internal Revenue's permission, also the Metals Reserve's, O.P.A.'s, War Production Boards's and Quota Committee's, we would have done a lot of unnecessary work.

Referring to your report and plan for complying with MPR 356, I have held it up because of your statement that you would prefer to see actual settlement statements covering premiums received for lead and zinc. I believe it would be best to place these in your hands before you make your final conclusions. I would like to furnish you with any and all information you may require in order to arrive at some solution of the problem we are facing. Accordingly, I have requested the A. S. & R. at El Paso to send me duplicate copies of Affidavits of Producer which cover the premium settlements since the first of this year. The only copies we have available are in the contractors' file at Chloride and they are needed there for the auditor who is making a checkup on the operation from the inception of the contract. When I receive these duplicate Affidavit of Producer forms, I will forward them to you and will not do anything with your

*Re Zimmerman*  
*A 6/20 '45*



**NYE A. WIMER**

Mr. George M. Colvocoresses

-2-

June 13, 1945

present report until you have had time to check it against this further information.

Very truly yours,

A handwritten signature in cursive script that reads "N. A. Wimer". The signature is written in dark ink and is positioned above the typed name.

N. A. Wimer

NAW:df

MINES OPERATING COMPANY (A PARTNERSHIP)

FINANCIAL STATEMENTS

JULY 31, 1945



MINES OPERATING COMPANY

BALANCE SHEET

JULY 31, 1945

ASSETS

Valley National Bank - Kingman		\$16,597.02
Due from Smelters	\$10,003.16	
Estimated Values of Concentrates in Transit	36,448.00	
Account Receivable	229.24	
Note Receivable (Partner)	698.00	47,378.40
Inventories	\$ 1,936.63	
Prepaid License	1.00	
Prepaid Insurance	659.38	2,597.01
Mining Equipment	\$ 1,210.00	
Less: Reserve for Depreciation	338.34	871.66
TOTAL ASSETS . . . . .		<u>\$67,444.09</u>

LIABILITIES AND UNDISTRIBUTED PROFITS

Trade Accounts Payable - from schedule page 5	\$ 6,844.41	
Account Payable - Trustee's Fees	98.02	
Account Payable - Tennessee Schuykill Corporation:		
Net Adjustments to June 30, 1945	885.17	
Estimated Contract Payments and Freight on July shipments	<u>3,990.18</u>	\$11,817.78
Contract Payable - Tarr, McComb and Ware Commercial Company		2,031.63
Accrued Production Tax		52.00
TOTAL LIABILITIES . . . . .		<u>\$13,901.41</u>
UNDISTRIBUTED PROFITS from statement Page 2 . . . . .		<u>53,542.68</u>
TOTAL LIABILITIES AND UNDISTRIBUTED PROFITS . . . . .		<u>\$67,444.09</u>

MINES OPERATING COMPANY

CONDENSED STATEMENT OF INCOME AND EXPENSES

	<u>July</u> <u>1945</u>	<u>12/26/44 to</u> <u>7/31/45</u>
<u>Sales:</u>		
Net smelter settlements from Analysis page 3	—	\$131,004.82
Estimated revenue from production in transit (Market Price \$15,092.00; Premium Price \$21,356.00)	\$36,448.00	36,448.00
	<u>\$36,448.00</u>	<u>\$167,452.82</u>
Trustee Fee	91.00	\$ 418.52
Payments per Operating Contract	3,864.80	17,538.19
	<u>\$ 3,955.80</u>	<u>\$ 17,956.71</u>
GROSS INCOME . . . . .	\$32,492.20	\$149,496.11
<u>Production Tax, Sampling and Trucking</u>	875.82	3,578.88
BALANCE . . . . .	<u>\$31,616.38</u>	<u>\$145,917.23</u>
<u>Milling Costs from analysis page 4</u>	2,142.82	14,166.49
BALANCE . . . . .	<u>\$29,473.56</u>	<u>\$131,750.74</u>
<u>Mining Costs from analysis page 4</u>	7,145.59	32,808.08
BALANCE . . . . .	<u>\$22,327.97</u>	<u>\$ 98,942.66</u>
<u>Development Costs from analysis page 4</u>	2,194.44	16,138.19
BALANCE . . . . .	<u>\$20,133.53</u>	<u>\$ 82,804.47</u>
<u>Administrative Expense</u>	733.54	1,000.46
BALANCE . . . . .	<u>\$19,399.99</u>	<u>\$ 81,804.01</u>
<u>Add: Other Income</u>	106.55	358.86
UNDISTRIBUTED PROFITS . . . . .	<u>\$19,506.54</u>	<u>\$ 82,162.87</u>
<u>Less:</u>		
Distribution #1	—	\$ 3,000.00
Distribution #2	—	2,300.00
Distribution #3	—	6,450.00
Distribution #4	—	7,533.63
Distribution #5	—	1,936.56
Distribution #6	\$ 6,150.00	6,150.00
Distribution #7	1,250.00	1,250.00
	<u>\$ 7,400.00</u>	<u>\$ 28,620.19</u>
UNDISTRIBUTED PROFITS retained in the partnership to accompanying balance sheet . .	<u>\$12,106.54</u>	<u>\$ 53,542.68</u>

(Continued on following page)



MINES OPERATING COMPANY

CONDENSED STATEMENT OF INCOME AND EXPENSES

(Continued from preceeding page)

July 12/26/44 to  
1945 7/31/45

RECONCILEMENT WITH PREVIOUS MONTH'S REPORT

Estimated Undistributed Profits to June 30, 1945 per report	\$ 40,388.96
Add: Excess of actual over estimated June smelter settlements (Actual \$18,697.18; Estimated \$17,650.00)	<u>1,047.18</u>
UNDISTRIBUTED PROFITS to June 30, 1945 as adjusted . . . . .	\$ 41,436.14
PROFIT as above (based on estimated July settlements)	<u>12,106.54</u>
ESTIMATED YEAR TO DATE PROFIT, as above . . . . .	<u><u>\$ 53,542.68</u></u>

MINES OPERATING COMPANY

DECEMBER 26, 1944 TO JUNE 30, 1945

METAL VALUES OF CONCENTRATES

<u>METALS:</u>	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
Gold . . . . .	\$ 11,792.85	\$10,631.56	\$ 1,161.29
Silver . . . . .	10,262.89	9,270.32	992.57
Lead . . . . .	62,400.61	60,658.13	1,742.48
Zinc . . . . .	76,365.40	—	76,365.40
Copper . . . . .	1,045.46	915.59	129.87
Iron . . . . .	412.88	412.88	—
TOTAL METAL VALUES	<u>\$162,280.09</u>	<u>\$81,888.48</u>	<u>\$80,391.61</u>
Smelting Expenses	23,564.86	2,743.11	20,821.75
	<u>\$138,715.23</u>	<u>\$79,145.37</u>	<u>\$59,569.86</u>
Railroad Freight, Umpires, etc.	7,710.41	4,007.55	3,702.86
NET SMELTER SETTLEMENTS to summary Page 2 . . . . .	<u>\$131,004.82</u>	<u>\$75,137.82</u>	<u>\$55,867.00</u>

METAL CONTENTS OF CONCENTRATES

<u>METALS:</u>	<u>Combined</u>	<u>Lead</u>	<u>Zinc</u>
Gold, ounces . . . . .	368.21	232.96	44.25
Silver, ounces . . . . .	15,796.20	13,817.37	1,978.83
Lead, tons . . . . .	334.24	311.44	22.80
Zinc, tons . . . . .	296.45	27.42	269.03
Copper, tons . . . . .	8.74	6.49	2.25
Iron, tons . . . . .	102.11	41.27	60.84
Concentrates, tons . . . . .	1,081.78	505.85	575.93
Concentrates, cars . . . . .	<u>23</u>	<u>10</u>	<u>13</u>



MINES OPERATING COMPANY

SUPPORTING ANALYSES

ANALYSIS OF MILLING COSTS

	<u>July 1945</u>		<u>12/26/44 to 7/31/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawings	\$ 600.00	\$0.39	\$ 4,319.88	\$0.52
Accident Insurance	37.26	.02	268.26	.03
	<u>\$ 637.26</u>	<u>\$0.41</u>	<u>\$ 4,588.14</u>	<u>\$0.55</u>
Power	840.97	.55	5,503.57	.67
Reagents	119.23	.08	1,505.93	.18
Balls and Miscellaneous Supplies	217.37	.14	1,367.05	.17
Mill Liners	75.00	.04	525.00	.06
Repairs and Replacements	102.99	.07	426.75	.05
Water	150.00	.10	250.00	.03
TOTAL MILLING COSTS to summary page 2 . . . . .	<u>\$2,142.82</u>	<u>\$1.39</u>	<u>\$14,166.44</u>	<u>\$1.71</u>
TONNAGE . . . . .	<u>1,539</u>		<u>8,265</u>	

ANALYSIS OF MINING COSTS

	<u>July 1945</u>		<u>12/26/44 to 7/31/45</u>	
	<u>Amount</u>	<u>Per Ton</u>	<u>Amount</u>	<u>Per Ton</u>
Partners' Drawings	\$3,349.27	\$2.18	\$17,836.20	\$2.16
Accident Insurance	316.32	.20	1,633.74	.20
	<u>\$3,665.59</u>	<u>\$2.38</u>	<u>\$19,469.94</u>	<u>\$2.36</u>
Power	560.97	.36	2,878.87	.35
Timber	2,024.89	1.32	5,850.08	.71
Drill Steel and Supplies	290.89	.19	2,099.34	.25
Powder, Caps and Fuse	409.61	.26	1,271.99	.15
Repairs and Replacements	107.81	.07	899.52	.11
Depreciation	85.83	.06	338.34	.04
TOTAL MINING COSTS to summary page 2 . . . . .	<u>\$7,145.59</u>	<u>\$4.64</u>	<u>\$32,808.08</u>	<u>\$3.97</u>
TONNAGE . . . . .	<u>1,539</u>		<u>8,265</u>	

ANALYSIS OF DEVELOPMENT COSTS

	<u>July 1945</u>	<u>12/26/44 to 7/31/45</u>
Partners' Drawings	\$1,397.35	\$10,128.68
Accident Insurance	72.33	589.16
	<u>\$1,469.68</u>	<u>\$10,717.84</u>
Power	280.00	2,624.71
Timber	371.32	2,097.84
Powder, Caps and Fuse	73.44	697.80
TOTAL DEVELOPMENT COSTS to summary page 2 . . . . .	<u>\$2,194.44</u>	<u>\$16,138.19</u>
FOOTAGE . . . . .	<u>55</u>	<u>419</u>
PER TON OF ORE EXTRACTED . . . . .	<u>\$ 1.43</u>	<u>\$ 1.95</u>

MINES OPERATING COMPANY

SCHEDULE OF TRADE ACCOUNTS PAYABLE

	Balances <u>6/30/45</u>	J u l y		Balances <u>7/31/45</u>
		Payments	Invoices	
Barnes, W. E.	\$ 4.23	\$ 4.23	\$ —	\$ —
Beach and Company	9.88	9.88	19.99	19.99
Boulder Dam Lines	9.01	9.01	—	—
Chloride Store Company	23.46	23.46	—	—
Citizens Utilities Company	1,645.16	1,645.16	1,684.13	1,684.13
Fagerberg, Dixon	—	—	450.00	450.00
Hall, Ray G.	368.54	368.54	557.61	557.61
Mohave County Miner	14.14	14.14	—	—
Mines Safety Appliances Company	44.00	44.00	44.00	44.00
Mine and Smelter Supply Company	7.45	7.45	7.17	7.17
Payne, J. R.	—	—	4.00	4.00
Standard Oil Company	38.18	38.18	—	—
Sullivan Machinery Company	—	—	200.00	200.00
Tarr, McComb and Ware Commercial Co.	1,705.29	1,705.29	3,003.57	3,003.57
" " " " - Liners *	450.00	—	75.00	525.00
Tennessee Schuylkill Corporation	178.59	178.59	238.53	238.53
Union Oil Company	86.35	86.35	67.41	67.41
Winsett, W. B.	46.00	46.00	43.00	43.00
TOTALS . . . . .	<u>\$4,630.28</u>	<u>\$4,180.28</u>	<u>\$6,394.41</u>	<u>\$6,844.41</u>

\* Estimate



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OPERATING CONTRACT

Dated: December 8, 1944.

Owner: TENNESSEE-SCHUYLKILL CORPORATION, a Delaware corporation, of Chloride, Arizona, hereinafter referred to as First Party;

to

Operator: MINES OPERATING COMPANY, a co-partnership, of Chloride, Arizona, hereinafter referred to as Second Party.

Agreement entered into by said parties this 8th day of December, 1944, whereby second party agrees to operate the reduction plant and mine of first party for the period and upon the terms and conditions following:

1. PROPERTY: (a) TENNESSEE, GREAT LEAD, TENNESSEE SOUTH, BLACK ROCK SPRING, SCHUYLKILL patented lode mining claims and SCHUYLKILL MILLSITE, and SCHUYLKILL WEST, TENNESSEE WEST and TENNESSEE NORTH FRACTION unpatented claims, all located in Wallapai Mining District, Mohave County, Arizona;  
  
(b) The entire milling and reduction plant, including hoisting and compressor plant, assay and testing plant, framing equipment, machine and blacksmith shops, and so much of the office building as shall be required by second party for their office business, accounting and records, including the use of the engineering room and drawing equipment, and also all mining tools, electric trammer, batteries, and any and all other facilities, exclusive of housing, necessary to the proper use and operation of said mill and mine.
2. TERM: Three years, beginning December 26, 1944, and ending December 25, 1947, with privilege of renewal for like period on thirty days written notice immediately preceding the end of the term.
3. MATERIAL AND SUPPLIES: (a) Second party shall furnish, at their own cost, all material, supplies, electric power and light, necessary for the efficient and proper operation of said mill and mine;  
  
(b) Second party is granted the privilege of purchasing from first party, at cost plus freight and trucking charges, any material or supplies it now has on hand at its said plant.  
  
(c) The serial number assigned to first party for purpose of use of priority in the purchase of material, supplies or repairs, shall be available to second party on satisfactory arrangement for the payment of any obligation so incurred, and second party shall furnish first party a copy of each order.



4. OPERATION OF MINE AND EQUIPMENT: (a) Second party shall at all times work said mine in a good minerlike fashion, timbering where necessary, keeping all workings clean and clear of waste and rubbish, and shall expend a minimum of \$1.50 per ton of ore extracted in underground development work.  

(b) Second party shall give due consideration to the care of all buildings, machinery and equipment used in the operation of said mill and mine, and shall at all times keep the same in good repair and working condition. Second party is not required to complete the present framing shed.

(c) Second party accepts the entire milling and mining plant, buildings, machinery and equipment, in their present condition, and is chargeable with making any repairs or replacements from the date hereof, at their own expense.
5. CONTINUOUS OPERATION: The operation of mill and mine shall be continuous and without interruption, except for causes over which second party has no control. By continuous operation is meant a minimum of one shift per day in mine, and operation of mill on available ore as and when the same is available.
6. MINE SURVEYS AND MAPS: Second party shall cause the workings of the mine to be surveyed at regular intervals by a competent engineer, or engineers, which survey shall be extended upon the first party's underground map, and shall furnish first party not later than the 15th day of each month a cross-section map of the underground workings, showing the development work done and ore extracted during the previous month.
7. MINE AND MILL RECORDS: Second party shall keep complete records of mine surveys, including mine car samples, and any assays from development work, and of tests and assays of all mill runs showing assays of mill heads and tails, also the grade of lead and zinc concentrates produced, and the tonnage of ore mined and milled per day, copies of all of which reports and records shall be furnished first party.
8. SHIPMENT OF CONCENTRATES: All concentrates shall be shipped in the name of first party to AMERICAN SMELTING AND REFINING COMPANY, either to Amarillo or El Paso, as the case may be, under existing contracts between first party and said Smelters, and copies of assays of carload lots shipped to Smelter, and copies of Smelter settlement sheets, shall be furnished to first party, such Smelter contracts to be renewed by first party to the best advantage possible.
9. OPERATING COSTS AND EXPENSES: All costs and expenses of operating said mill and mine shall be borne by second party, including cost of material, supplies, explosives, repairs and replacements, and the operation and maintenance of the domestic water supply system.



10. PERFORMANCE OF WORK BY MEMBERS OF OPERATOR: All mine and surface labor shall be performed by the members of said operator partnership, and no outside labor shall be employed, office help excepted.
11. INSPECTOR: The first party reserves the right to employ an inspector, who shall be given free access to the mine workings, to the mill and other surface operations, at all reasonable times. Such inspector shall have had practical mine experience, and shall be otherwise qualified to pass upon the proper operation of mill and other surface equipment, and shall have a general understanding of books, records, mine and mill reports and maps.
12. ACCOUNTS: Proper books of account shall be kept by the second party, open for inspection by first party, and entries shall be made therein of productions, shipments, Smelter returns and premiums, and of all material and supplies used, and electric light and power used, as well as the names of the members of the operator partnership engaged in the operation of mill and mine.
13. WORKMEN'S COMPENSATION - OCCUPATIONAL DISEASE DISABILITY: Second party shall pay for and carry Industrial Insurance covering all its members as provided by the compulsory Compensation Law of the State of Arizona and Acts amendatory thereto (Ch. 56, Art. 9, Arizona Code Amended 1939, as amended); and shall also pay for and carry Industrial Insurance covering all its members under the Arizona Occupational Disease Disability Law, and any Acts amendatory thereto. (Sec. 16, Ch. 26, Laws 1943, regular session).
14. FEDERAL AND STATE REPORTS: Second party shall promptly make and file all required State and Federal returns and reports, a copy of each of which shall be kept in the office of Second party subject to inspection by first party.
15. TAXES: (a) First party shall pay all State and County property taxes levied and assessed against its said mine and milling plant and equipment, and all other personal property and improvements belonging to first party.
- (b) Second party shall promptly pay all State and Federal taxes to which second party shall be subject as operator of said mill and mine, and shall keep a record of all taxes so paid in second party's office for examination by first party.
16. DIVISION OF PROCEEDS: (a) For the first sixty days from the date hereof the net proceeds of Smelter returns remaining after deducting Smelter, freight and trucking charges, together with all the premiums payable to first party from METALS RESERVE COMPANY, shall be apportioned between the first party and the second party as follows:

To first party ..... 10%  
To second party ..... 90%



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(b) After said period of sixty days, and during the life of this agreement, the net proceeds of Smelter returns remaining after deducting Smelter charges only, and without any deduction for freight and trucking, together with all premiums payable to first party from METALS RESERVE COMPANY, shall be apportioned between the first party and the second party as follows:

To first party ..... 10%,  
To second party ..... 90%.

(c) All Smelter returns shall be remitted by Smelter to a trustee appointed by the mutual agreement of the parties hereto.

(d) Immediately on receipt of such returns the same shall be deposited by the trustee in the VALLEY NATIONAL BANK, at Kingman, Arizona, in his name as trustee, and such trustee shall forthwith issue a check to second party in a sum equal to 90% of the returns so received, and the remaining 10% shall be retained by the trustee for payment of current outlays required of first party, after which the remainder shall be distributed by him as directed by first party.

17. ADDITIONAL EQUIPMENT: Any additional equipment, other than replacements, acquired and installed upon the premises by second party, shall be subject to removal by second party at any time, and in case of termination of this contract, such removal shall be made within thirty days after such termination.
18. ARTICLES OF CO-PARTNERSHIP: Second party shall furnish to first party a signed copy of its Articles of Co-partnership.
19. ASSIGNMENT OF CONTRACT: This contract shall not be assignable by either party, or by operation of law, without the written mutual consent of the parties.
20. NOTICE OF NON-LIABILITY: Second party shall cause to be recorded in the office of the Recorder of said Mohave County a Notice of Non-Liability, and to post, and keep posted, copies thereof on the premises in the manner required by law.
21. TERMINATION OF OPERATING CONTRACT: (a) First party may terminate this contract at any time, without notice, on breach by second party of any of the terms and provisions herein on its part agreed to be kept and performed;
- (b) Second party may terminate this agreement on thirty days written notice;
- (c) In the event first party shall desire to terminate this agreement by reason of sale or arrangement with some other operating Company, then such termination shall be accepted by second party on giving second party ninety days notice of such intention to terminate, and thirty days after the expiration of said ninety days for removal of any machinery and equipment second party may have on the premises.



22. SURRENDER OF PREMISES: On termination of this agreement by limitation or otherwise, second party shall peaceably surrender said mine and plant to first party in the same condition as received by second party, usual wear and tear excepted.

IN WITNESS WHEREOF, the parties hereto have executed this instrument in duplicate the day and year first above written.

TENNESSEE-SCHUYLKILL CORPORATION,

By N. A. WIMER  
President

By DOROTHY A. DECKER  
Secretary

MINES OPERATING COMPANY,

By J. R. PAYNE  
Superintendent

By RAY G. HALL  
Member, Manager Committee

STATE OF ARIZONA )  
                          ) ss  
COUNTY OF MOHAVE )

On this the 13th day of December, 1944, before me, CARL G. KROOK, the undersigned officer, personally appeared N. A. WIMER and DOROTHY A. DECKER, who acknowledged themselves to be the President and Secretary respectively of TENNESSEE-SCHUYLKILL CORPORATION, a corporation, and that they as such President and Secretary, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by themselves as President and Secretary respectively.

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

My commission expires July 15, 1947.

(SEAL)

CARL G. KROOK  
Notary Public

STATE OF ARIZONA)  
                          ) ss  
COUNTY OF MOHAVE)

On this the 13th day of December, 1944, before me, CARL G. KROOK, the undersigned officer, personally appeared J. R. PAYNE and RAY G. HALL, of the County of Mohave, State of Arizona, members and officers of MINES OPERATING COMPANY, known to me to be the persons described in the foregoing instrument, and acknowledged that they executed the same in the capacity therein stated and for the purpose therein contained.

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

My commission expires July 15, 1947.

(SEAL)

CARL G. KROOK  
Notary Public



June 8th, 1945

Mr. N. A. Wimer, President  
Tennessee Schuylkill Corporation  
Chloride, Arizona

Re: Tennessee Schuylkill

Dear Mr. Wimer:

When you sent me the documents which accompanied your letter of June 4th you failed to enclose any statements relative to the actual settlement of the premium prices for lead and zinc which I understand were paid to your company by the Metals Reserve Corporation. I should have written back and asked you for this additional information, except that I realized that you were in a great hurry to have me complete my calculations and waiting for such data would have involved additional delay.

Relying on the statement in your letter to the effect that the Tennessee Corporation has a zero quota and receives the A and B premiums on lead, amounting to 5.5¢ per lb. and the A, B and C premiums on zinc amounting to 8.25¢ per lb. I have used as a basis for figuring these premiums the premiums which were actually paid to another company under similar conditions and added such premiums to the amount which you received in accordance with the settlement sheets which, of course, are based on the ceiling prices, namely, 6.5¢ per lb. for lead and 8.25¢ per lb. for zinc.

Mr. N. A. Wimer  
June 8th, 1945  
Page 2

I have made no calculations relative to the payment for gold, silver or copper contained in the concentrates since it was my understanding from our conversation and your letter of June 4th that these matters were not at issue, and it will, of course, be understood that in addition to the payment for lead and zinc which I suggest should be made by the operators to the Tennessee Company, they should also pay 10% of the net value of the gold, silver and copper contained and paid for in the concentrates.

I have made many calculations to establish the figures which are given below, but I found it practically impossible to make these with absolute accuracy, because the smelter charges and hence the net value of the lead and zinc vary to some extent in accordance with the grade of the concentrates and the presence of other metals which involve either bonuses or penalties from the smelter, and in some cases there are charges for umpire assays, etc. while on the zinc settlements there is a varying charge for labor adjustment.

The charges made on the lead settlement sheets do not seem to be strictly in accordance with the contracts; for example the contract provides that after making a deduction of 1.5% (30#) of lead per ton the smelter should pay for 90% of the balance at the market (ceiling) price of 6.50¢ per lb. less 1.4¢ per lb.



Mr. N. A. Wimer  
June 8th, 1945  
Page 3

which would involve payment at the rate of 5.10¢ per lb. whereas all of the settlements are actually made at 5.14¢ per lb.

Also the smelter charge based on \$3.58 per dry ton, with adjustments for grade of concentrates and price of metal, does not seem to work out at the base charge of \$4.28 per ton which appears on the settlement sheets. Although the reasons for these apparent discrepancies are not apparent from any of the documents which you have sent me, I have assumed that the latter charge is correct, but have adjusted the same to some extent as mentioned below.

I have also noted and taken into consideration the fact that in two shipments of zinc concentrates a small payment was made for the lead which they contained.

In the zinc contract the smelting charge stipulated would appear to represent \$32.50 with zinc quoted @ 8.25¢ and this charge is actually made on the settlements.

Since Clause B of Article XVI. of your operating contract provides that for the present and future the division of returns should be made after deducting the smelter charges only, I have not taken into consideration the freight rates which also vary to some extent in accordance with the value of the shipment and the amount of precious metals contained.

Mr. N. A. Wimer  
June 8th, 1945  
Page 4

The smelter charges for lead concentrates are, I believe, to some extent affected by the value of the shipment which is dependent in part upon the contents in gold and silver and I have felt that it was not right or proper to charge this extra expense against the lead in the concentrates and have therefore made my calculations partly in accordance with the smelter rate as provided in the contract with penalties and bonuses approximately as shown on the settlement sheets.

I made two sets of figures in respect to the value of the lead and zinc, <sup>one</sup> ~~are~~ based upon the contents of these metals in the concentrates as determined by assay and the second based upon the pounds of metal which are actually paid for by the smelter. Everything considered I believe that the second basis will be preferable and avoid misunderstanding so that I am suggesting that the payment per pound of lead and zinc to the Tennessee Company should be at a certain fixed rate per pound of metal paid for by the smelter.

It is my conclusion that on the above basis you now actually receive for your lead approximately 4.65¢ from the smelter plus 5.35¢ from the Metals Reserve Corporation so that in round figures you are paid from these two sources just about 10.00¢ per pound and therefore the Mines Operating Company should pay to the Tennessee Company 1.00¢ per lb. of lead as above.

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Mr. N. A. Wimer  
June 8th, 1945  
Page 5

On a similar basis I calculate that you are paid about 3.46¢ per lb. of zinc paid for by the smelter plus a little over 8.00¢ from the Metals Reserve Company, so that the value of the zinc paid for may be figured at 11.50¢ per lb. and the Mines Operating Company should pay to the Tennessee Company 1.15¢ per lb. of zinc paid for in the concentrates.

I recognize the fact that, lacking complete information, I may be in error in respect to the payments actually made by the Metals Reserve Company, and if my figures do not appear to be correct I shall be glad to revise them as promptly as possible on the basis of such additional data as you may send me particularly the settlement sheets from the Metals Reserve Company covering the premium payments and also any other data which might bear on the payments made by the smelters for shipments of lead and zinc concentrates.

It is of course obvious that provision should be made in your revised contract with the Mines Operating Company for pro rata revision of the payments to be made to the Tennessee Company in accordance with any change in the premiums that may be paid by the Metals Reserve Company or by the smelter or other conditions affecting the actual value of the lead and zinc in your shipments. As mentioned above the Tennessee Company would also be entitled to 10% of the net value of the gold, silver and copper shipped and paid for.

Mr. N. A. Wimer  
June 8th, 1945  
Page 6

I have made a lot of calculations and notes in reference to this entire matter which there has been no time to copy and which are probably of no great importance, but if you so desire I will be glad to send you these at a later date.

Until I hear from you again in this regard I will retain the copies of the smelter settlement sheets which I am carefully preserving to be returned to your office as soon as this matter is straightened out.

Trusting that you may find my calculations and conclusions useful and satisfactory for your purpose, I remain

Yours very truly,

*S. M. Colvocoresses*

GMC/b



June 8th, 1945

PERSONAL

Mr. N. A. Wimer, President  
Tennessee Schuylkill Corporation  
Chloride, Arizona

Dear Mr. Wimer:

I am not altogether satisfied with the report which is herewith enclosed since I should have liked to elaborate and check many of my calculations, but in view of your earnest desire to receive my figures by tomorrow I am sending them along, and believe that they will prove at least approximately accurate.

It occurs to me that in making a new arrangement such as you have suggested it might save complications if all payments by the smelter and the Metals Reserve Company were made directly to the operators who would in turn pay to the Tennessee Company the various amounts agreed upon. Such a plan would, I think, obviate any objections by the Government, and you could of course arrange for the operators to post a bond or carry a deposit which would protect the Tennessee Company.

However, matters of this nature are properly for consideration by your attorneys, and I have tried to carry out the engineering calculations along the lines which you desired.

While I have not had an opportunity to check my figures to any great extent with the royalties which I understand you have actually received it appears to me that under the new plan you will receive the same percentage of the value of the gold, silver and copper in your shipments, whereas you should receive approximately 50 to 60% more for the lead in the concentrates and roughly 80% more for the zinc, considering that you have three premiums on the zinc and only two on the lead.

It seems to me that the arrangement which you have proposed, and which I have translated into figures is fair and reasonable to all parties concerned. I shall be only too glad to go into this matter further if it seems necessary to do so.

I am enclosing three copies of the report.

Yours very truly,

GMC/b

June 8th, 1945

Mr. N. A. Wimer, President  
Tennessee Schuylkill Corporation  
Chloride, Arizona

Re: Tennessee Schuylkill

Dear Mr. Wimer:

When you sent me the documents which accompanied your letter of June 4th you failed to enclose any statements relative to the actual settlement of the premium prices for lead and zinc which I understand were paid to your company by the Metals Reserve Corporation. I should have written back and asked you for this additional information, except that I realized that you were in a great hurry to have me complete my calculations and waiting for such data would have involved additional delay.

Relying on the statement in your letter to the effect that the Tennessee Corporation has a zero quota and receives the A and B premiums on lead, amounting to 5.5¢ per lb. and the A, B and C premiums on zinc amounting to 8.25¢ per lb. I have used as a basis for figuring these premiums the premiums which were actually paid to another company under similar conditions and added such premiums to the amount which you received in accordance with the settlement sheets which, of course, are based on the ceiling prices, namely, 6.5¢ per lb. for lead and 8.25¢ per lb. for zinc.



Mr. N. A. Wimer  
June 8th, 1945  
Page 2

I have made no calculations relative to the payment for gold, silver or copper contained in the concentrates since it was my understanding from our conversation and your letter of June 4th that these matters were not at issue, and it will, of course, be understood that in addition to the payment for lead and zinc which I suggest should be made by the operators to the Tennessee Company, they should also pay 10% of the net value of the gold, silver and copper contained and paid for in the concentrates.

I have made many calculations to establish the figures which are given below, but I found it practically impossible to make these with absolute accuracy, because the smelter charges and hence the net value of the lead and zinc vary to some extent in accordance with the grade of the concentrates and the presence of other metals which involve either bonuses or penalties from the smelter, and in some cases there are charges for umpire assays, etc. while on the zinc settlements there is a varying charge for labor adjustment.

The charges made on the lead settlement sheets do not seem to be strictly in accordance with the contracts; for example the contract provides that after making a deduction of 1.5% (30¢) of lead per ton the smelter should pay for 90% of the balance at the market (ceiling) price of 6.50¢ per lb. less 1.4¢ per lb.

Mr. N. A. Wimer  
June 8th, 1945  
Page 3

which would involve payment at the rate of 5.10¢ per lb. whereas all of the settlements are actually made at 5.14¢ per lb.

Also the smelter charge based on \$3.58 per dry ton, with adjustments for grade of concentrates and price of metal, does not seem to work out at the base charge of \$4.28 per ton which appears on the settlement sheets. Although the reasons for these apparent discrepancies are not apparent from any of the documents which you have sent me, I have assumed that the latter charge is correct, but have adjusted the same to some extent as mentioned below.

I have also noted and taken into consideration the fact that in two shipments of zinc concentrates a small payment was made for the lead which they contained.

In the zinc contract the smelting charge stipulated would appear to represent \$32.50 with zinc quoted @ 8.25¢ and this charge is actually made on the settlements.

Since Clause B of Article XVI. of your operating contract provides that for the present and future the division of returns should be made after deducting the smelter charges only, I have not taken into consideration the freight rates which also vary to some extent in accordance with the value of the shipment and the amount of precious metals contained.



Mr. N. A. Wimer  
June 8th. 1945  
Page 4

The smelter charges for lead concentrates are, I believe, to some extent affected by the value of the shipment which is dependent in part upon the contents in gold and silver and I have felt that it was not right or proper to charge this extra expense against the lead in the concentrates and have therefore made my calculations partly in accordance with the smelter rate as provided in the contract with penalties and bonuses approximately as shown on the settlement sheets.

X I made two sets of figures in respect to the value of the lead and zinc <sup>ore</sup> based upon the contents of these metals in the concentrates as determined by assay and the second based upon the pounds of metal which are actually paid for by the smelter. Everything considered I believe that the second basis will be preferable and avoid misunderstanding so that I am suggesting that the payment per pound of lead and zinc to the Tennessee Company should be at a certain fixed rate per pound of metal paid for by the smelter.

It is my conclusion that on the above basis you now actually receive for your lead approximately 4.65¢ from the smelter plus 5.35¢ from the Metals Reserve Corporation so that in round figures you are paid from these two sources just about 10.00¢ per pound and therefore the Mines Operating Company should pay to the Tennessee Company 1.00¢ per lb. of lead as above.

Mr. N. A. Wimer  
June 8th, 1945  
Page 5

On a similar basis I calculate that you are paid about 3.46¢ per lb. of zinc paid for by the smelter plus a little over 8.00¢ from the Metals Reserve Company, so that the value of the zinc paid for may be figured at 11.50¢ per lb. and the Mines Operating Company should pay to the Tennessee Company 1.15¢ per lb. of zinc paid for in the concentrates.

I recognize the fact that, lacking complete information, I may be in error in respect to the payments actually made by the Metals Reserve Company, and if my figures do not appear to be correct I shall be glad to revise them as promptly as possible on the basis of such additional data as you may send me particularly the settlement sheets from the Metals Reserve Company covering the premium payments and also any other data which might bear on the payments made by the smelters for shipments of lead and zinc concentrates.

It is of course obvious that provision should be made in your revised contract with the Mines Operating Company for pro rata revision of the payments to be made to the Tennessee Company in accordance with any change in the premiums that may be paid by the Metals Reserve Company or by the smelter or other conditions affecting the actual value of the lead and zinc in your shipments. As mentioned above the Tennessee Company would also be entitled to 10% of the net value of the gold, silver and copper shipped and paid for.



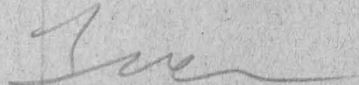
Mr. N. A. Wimer  
June 8th, 1945  
Page 6

I have made a lot of calculations and notes in reference to this entire matter which there has been no time to copy and which are probably of no great importance, but if you so desire I will be glad to send you these at a later date.

Until I hear from you again in this regard I will retain the copies of the smelter settlement sheets which I am carefully preserving to be returned to your office as soon as this matter is straightened out.

Trusting that you may find my calculations and conclusions useful and satisfactory for your purpose, I remain

Yours very truly,



GMC/b

June 25th, 1945

REVISED REPORT ON SUGGESTED DIVISION OF RETURNS ON LEAD AND ZINC  
BETWEEN TENNESSEE SCHUYLKILL CORPORATION AND MINES OPERATING COMPANY.

Mr. N. A. Wimer, President  
Tennessee Schuylkill Corporation  
Chloride, Arizona

Dear Sir:

This report contains a revision and correction of calculations made in my previous letter dated June 8th which under the circumstances will have no further use except for reference.

I now have before me the affidavits of the producer and premium settlement sheets from Metals Reserve Company for January, February, March and April, 1945, corresponding to your shipments of lead concentrates Nos. 525 to 529, inclusive, all of which I have, also settlements for zinc concentrates Nos. 509 to 514 inclusive. These zinc settlement sheets are also in my possession excepting only No. 514, but that last does not seem necessary and I believe that my present calculations may be accepted as approximately correct.

By reference to the bonus payment sheets mentioned above it appears that during this period the total pounds of lead delivered in concentrates to the lead and zinc smelters was 371,649 pounds, on which the premiums amounted to 5.095% per lb., since the lead on which the established bonus of 5.5% was actually paid amounted to 343,765 pounds. Thus the ratio of lead on which premiums were paid to lead actually contained in your concentrates was approximately



Mr. N. A. Wimer  
Re: Tennessee Schuylkill  
June 25th, 1945

92.5% and the total premium payment was \$18,907.09.

The total zinc delivered as per affidavits was 234,515 pounds on which the premium payment amounted to 7.415¢ per pound, equivalent to the payment of the established bonus of 8.25¢ on 211,064 pounds of zinc, thus the ratio of zinc which drew a premium to total zinc contained in concentrates was just about 90% and the total premiums amounted to \$17412.83.

There is a great difference between payments made by the zinc smelter on lead in zinc concentrates and the payment for same made by the Metals Reserve, since in the case of January shipments you received from Metals Reserve 5.5¢ on 60% of the 9383 pounds of lead sent to Amarillo equal to \$309.71, whereas the Amarillo smelter actually paid for this lead only \$206.38. Also in February, March and April, 17,154 pounds of lead were contained in the zinc concentrates for which the smelter paid nothing at all, while the Metals Reserve paid for 60% of the above at 5.50¢ equal \$566.08.

It will also be noted that the percentage of lead paid for by the smelter after making deductions as per schedule works out at a lower figure than that paid for by the Metals Reserve and the same is true in the case of zinc where Metals Reserve pays for 90% of the full amount delivered and the zinc smelter pays for only 85% with a deduction from the ceiling price.

Mr. N. A. Wimer  
Re: Tennessee Schuykill  
June 25th, 1945

These varying bases of payment would complicate any attempt to determine the exact amount which your company will receive for the lead and zinc paid for by the smelter in future shipments and I therefore believe that it will be much more simple and satisfactory to amend my previous plan of calculation and to use the total amount received and to be received per pound of metal against the total metal contained in both lead and zinc concentrates, -that is, -the actual number of pounds of these metals delivered to the smelters in accordance with the weights and assays of shipments.

Since the percentages of delivered lead and zinc which are actually paid for by the smelters vary in accordance with so many different factors, I repeat that in establishing a new arrangement for division of returns between the company and the operators it will be best to consider only the pounds of lead actually contained in the lead and zinc concentrates as per affidavits to Metals Reserve Company and the pounds of zinc contained in the lead concentrates, since no payment is provided for zinc contained in the lead concentrates.

My previous figures which have been rechecked showed that for lead contained in the concentrates you received from the smelters 3.43¢ per pound, and to this should be added premium payments of 5.095¢, making a total of 8.525¢ per pound. Similar calculations in respect to the zinc indicate that the smelter has paid you 2.887¢ per pound of zinc contained in the concentrates and that the Metals Reserve has added 7.415¢ making total payment of 10.302¢



Mr. N. A. Wimer  
Re: Tennessee Schuylkill  
June 25th, 1945

These figures are I believe as accurate as they can reasonably be made and I therefore suggest that on all future shipments the Company should receive 10% of the total payment; namely, 0.8525¢ per pound for lead and 1.0302¢ per pound of zinc, or if you think best to use round figures, call it .85¢ per pound of lead and 1.03¢ per pound of zinc. It will be understood that in both cases the figure given is to apply to all of the lead contained in both lead and zinc concentrates delivered to the smelters and on all of the zinc delivered to the zinc smelter.

Trusting that the above will meet your requirements and regretting that I did not have complete information before me when making my first calculations, I remain

Yours very truly,

*Wimer*

GMC/b

*Mr. Howard Paine has said it has sales & bought by  
firm as accepted in principle the present contract  
calls for a rental in a review of the present contract  
it might be provided that a rental should be  
paid based on the # of pounds of Pb & Zn produced, - \$  
that this should represent the difference between the agents  
allowed by the firm & the \$ amount of profits also suggested* (M)

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TENNESSEE CALCULATIONS (Revised)

Premium prices paid by Metals Reserve Co. on following basis:

85% of all copper delivered brings a bonus (A) of 5¢ per lb.

95% of lead delivered to lead smelter and

60% of lead delivered to zinc smelter brings a bonus (A) of 2.75¢ per lb. plus a bonus B of 2.75¢ per lb. aggregating 5.50¢ per lb.

90% of the zinc delivered brings

a bonus A of 2.75¢ per lb. plus

bonus B of 2.75¢ per lb. plus

bonus C of 2.75¢ per lb. plus

aggregating 8.25¢ per lb.

Suggested to include a fair thing & pleasing  
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the mental in activity, unexpectedly large  
did not x the amount of 2000 to 7  
to refund of 1.50 as anticipated

TENNESSEE ZINC CONTRACT

Pay for 85% of zinc @ 8.25 less 0.31¢ = 7.94¢

Thus a 50% concentrate would call for payment for 850# @ 7.94 = 67.49, less basic charge \$24.00 actually about 32.50 with other adjustments and freight 6.00, making total deduction of about \$38.49 and leaving net payment of \$29.00 = 2.9¢ per lb. of zinc in concentrate or 3.4¢ per lb. of zinc paid for.



Income Can Ref for 7, 8, 9

A. 26800 t. T. 1000

B. 14700 Rev (Plate VIII)

C. 16900 <sup>1/2</sup>

D. 4000 42400 (4000 + 36400)

Re. Sign by:          ?

Bhd 20. plate V  
Bhd 7, 8, 10, 12. plate III

Plate II ref. Bhd A.  
26500 t + exp.

the position of assistant professors of mathematics, private instructors and the same exact instruction and the same rank, Captain of engineers and professor of engineering at the West Point school with the same and emoluments of a major.

While in the latter position he was actually superintendent for the period of about two years, although nominally the head of the institution was the chief of engineers whose duties were in fact insignificant.

In 1818 he was succeeded by Major Sylvanus Thayer who has returned from an inspection of the military schools in Europe. He is a singular circumstance that both Major Thayer and Captain



② Plate IV rep

Blocks B ~~4E~~. 14700 t

C 16900

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Plate I Sum. Contd

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17 1600

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 junior year when he was  
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 det on the engineering school  
 at West Point, (1802) He held a  
 high station in scholarship  
 with and his merited atten-  
 tion in mathematics secured  
 him a commission as first  
 lieutenant of engineers in  
 1806. He successfully acquired



3) Plate VII = Mining Claims

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New

Plate VIII Sum Dept

map + dates of when to

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Plate VIII - Card strip map





4) The bond of J  
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The military training of a large portion of the men who in these wars have given the great bulk of the army.

Like most pamphlets and opinions upon Partridge, we must stand of his side, but the citizens' action of to-day are thin & slack of practice that <sup>rather</sup> as some-  
 times more elaborate <sup>and better</sup> some copy. One ~~is~~ ~~in~~ ~~the~~ ~~same~~ ~~way~~ as would see many of his ideas bearing fruit: - The citizens' letters material and state things have been greatly improved, and officers are obtained in schools and colleges and a military system, <sup>and</sup> been introduced &



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& Zn @ .1657

2 + Pt @ 12% Zn @ 1875

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4 + Pl @ 925 4 x

Zn @ 11.4





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the 2915-1 x +

PC@ 659 x 2 @ 8258

1 ton is 1600 the 5856

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From Jan 1, 44 thru Aug

44.

Lt Hornick, Lt. Lt one first  
 class the American Military  
 Military and Scientific Acad-  
 emy; afterwards. There are for-  
 dish University, and still exists  
 at Northfield, Vt. Over 500  
 of the pupils of this institution  
 are born upon the soil of Amer-  
 ica having taken part in the  
 Civil War. and among these  
 who reached high distinction  
 in army and navy are the  
 names of, Genl. Bemis Dodge,  
 W. M. H. Davis, Emoryfield Parsons,  
 Barton, Mifflin, <sup>Lanese's</sup> ~~Walter~~,  
 Cox Graves, <sup>DeWitt</sup> ~~DeWitt~~, <sup>Harper</sup>,  
 Perkins, Leary, Parcelling,  
 Rogers and Carpenter. These  
 men gained their first ideas  
 of military life from the so-  
 called teachings and traditions  
 of Capt. Partridge. There



7) To French file of

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 tions, thus an inducement  
 need be offered for the  
 development of a <sup>2</sup> knowledge  
 of the military profession  
 and the facilities between  
 regular and non-regulars  
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 by Capt. Partridge in 1820



August 1, 1945

Mr. Nye A. Wimer  
530 W. Sixth Street  
Los Angeles 14,  
California

Re: Division of returns between  
Tenn. Company and Operators.

Dear Mr. Wimer:

On recent investigation of this matter during my visit to Kingman and Chloride, certain facts which were for the first time brought to my attention, have lead me to suggest an entirely different method of meeting the situation from that which has been discussed between us and recommended in my letter to you of January 25, 1945.

First of all I understand that Judge Krook as trustee, has from the outset of the present operations, been withholding for the credit of the Company, 10% of all of the net returns received from the smelters and from the Metals Reserve Co., including the premium payments on lead and zinc.

Now it would seem evident, from the Operating Contract dated Dec. 28, 1944, that the present arrangement between the Tennessee Company and the Mines Operating Company is in no sense a lease and that the share of the returns which is payable to the former is not properly a royalty, but in order to avoid any lengthy discussion of this matter with the O.P.A., which might wind up in expensive litigation, I believe that the simplest and most effective plan would be to amend the Operating Contract by providing for the insertion or addition of a clause reading substantially as follows:

"It is hereby understood and agreed between the parties hereto that the percentage of returns payable to first party under Article 16, Clauses (a) and (b) represents both the value of the ore removed from the mine and the current rental of the mining and milling equipment and other personal property of first party used or to be used by second party in carrying on the operation of the mine and such is or has always been the intention of both parties to this agreement."

No doubt but that the Government officials will continue to argue with some force that the payment, made to the owner as representing the value of the ore is in their opinion a royalty and therefore must be limited to the payments made by the smelters and to the "A" premiums paid by the Metals Reserve on lead and zinc, but the rental of equipment or other personal property used in the operation is an entirely different matter and is not covered or referred to in M.P.R. 356.

I am personally familiar with several mining operations where lessees pay an admissable royalty to the owners of the mine and operate with rented equipment and the fact that in this case the equipment belongs to the owner of the mine should in no way affect the rights of the owner of essential equipment to collect a proper rental and to base that upon the returns from the operation rather than making a fixed charge per month.

You have already referred to the question of charging a rental for your equipment and now that I have discussed this matter with Mr. J.R. Payne and Judge Krook, (although the Judge did not have an opportunity to pass on the legality of the proposal) I feel confident that he will eventually approve and I do not believe that the Government officials can find any flaw in such a plan or successfully contend that it is a method of obtaining a royalty higher than the maximum permitted by M.P.R. 356.

If such proves to be the fact, the trustee will be able to continue to divide all of the proceeds from shipments as he has done in the past and many calculations will be saved in respect to the payments for lead and zinc. I therefore recommend this program for your careful and favorable consideration.

Should it still appear preferable to have the division of returns based on 10% of the payments made for gold, silver and copper, plus a fixed amount for lead and for zinc, then I believe that the basis of division suggested in my letter of June 25th is fair and reasonably accurate and I understood from Mr. Payne that he was quite willing to accept it on behalf of the Mines Operating Co.

Insofar as the actual distribution of funds is concerned, I figure that there will be very little difference regardless of which plan may be adopted, provided that they cover the same shipments and period of time.

Yours very truly,

GMC:vr



August 13th, 1945

Mr. N. A. Wimer, President  
Tennessee-Schuykill Corporation  
Chloride, Arizona

RE: Tennessee-Schuykill Division  
of Returns from Production

Dear Mr. Wimer:

X At your request I have recently made a careful study of the costs and financial returns of operations at your mine during the first six months of 1945 and have visited the property in order to observe first hand the working of mine and mill. I have examined the contracts for the sale of lead and zinc concentrates to the smelters and the agreement between the Tennessee Company and the Mines Operating Company in accordance with which the operations are conducted and the proceeds divided.

X I have been continuously engaged in mining, milling and smelting ores since I graduated from college in 1900 and during the past thirty years as a manager or consultant and I therefore feel that I am qualified by experience to make some comment on your present situation and suggestions regarding desirable changes. Those contained in this letter are somewhat different from recommendations made in previous letters written before the half yearly statement of accounts had been completed and when I was not in possession of certain other important data.

The principle upon which the mine is now operating appears to me to be above criticism since it is based upon giving to labor a larger and more equitable share in the profits and making the actual compensation of the men commensurate with their effort and efficiency. Such a method of profit sharing is in no way contradictory to the principle of operation by private capital and has already gained favor, with some variations, in many large industries, while as far as mining is concerned it harks back to the system employed by many of the California "drift miners" in the 60 and 70's.

However to the best of my knowledge this is the first time that it has been applied to a fairly large and completely equipped mine and I shall expect to see it widely copied in the future.

To make such a procedure equitable and therefore permanently workable it is obviously essential that a fair basis for the division of the returns or profits should be established between the workers who produce the ore and the owners of the mine and its equipment and in this case, since there was no basis for accurately estimating those returns in advance, it is my understanding that the existing agreement between the Tennessee-Schuylkill Corporation and the Mine Operating Company dated December 8, 1944 was in a sense a trial agreement which might be amended or altered later as actual conditions seemed to warrant.

We now find that during this period of operation the net value of the 6726 tons of ore produced has been \$127,682.60 or almost exactly \$19.00 per ton including the payment by the smelters and premium prices paid by the Metal Reserves Company.



X Under the terms of the existing agreement the total payment to the owner has been \$11,725.87,- only a little over \$2,000.00 more than its fixed charges and it must be obvious that <sup>the</sup> ~~the~~ sum which represented the value of the ore in the ground and the rental of the mining and milling equipment has proved to be inadequate and unfair to both stockholders and creditors of the Tennessee Company.

On the other hand the share of the operating partnership seems to have amounted to a total of \$115,956.73 from which they had to meet out of pocket expenses or payments to third parties amounting to \$27,936.83.

X It would therefore appear that the partners in the Operating Company have earned for their labor the total sum of \$88,019.90 less the <sup>operating</sup> ~~the~~ companys income tax and while I have not yet been able to check all of the figures you have showed me a statement indicating that each of the partners who worked full time <sup>s</sup> have earned an average of \$641.00 per month.

X I have recently had occasion to check the scale of wages paid by the larger copper mines of the state and also the rates of pay established jointly by the labor-unions and by contractors doing work for the Government <sup>or</sup> ~~for~~ private capital. All of these rates have been approved by the War Labor Board and in several instances where an increase has been sought by one party or the other the War Labor Board has refused such request as being contrary to the general labor policy of the Government.

As an average the underground miners, and mill men performing work similar to that of the partners in the Mines Operating Company are earning about \$300 per month,- inclu-

ding overtime,- and only a very few on special work are getting as much as \$400. Men working for contractors are paid by the hour with an average wage of about \$1.50 per hour for most classes of journeymen mechanics and the highest hourly rate (except for work requiring very special skill) is \$2.00 per hour which would mean that such a highly paid man would have to work considerable overtime in order to earn as much as \$400.00 per month.

Fortunately the labor situation at the Tennessee has not as yet been subject to Government control and it will be to the interest of all parties to maintain this situation, if that be possible. I know that it is your desire that the partners who are now operating the Tennessee Mine and mill should earn substantially more than even the highest scale of wages and in my opinion your expressed intention of revising the existing agreement between the Tennessee Company and the Operating Company so that each of the partners, working full time, will earn about \$500.00 per month is extremely liberal and should readily be accepted by the partners.

I do not have before me all of the figures which would permit me to check your calculations as to just what changes in the present agreement will be involved but considering the future program I fully agree with you that the output of the mine should be quickly stepped up to about 70 tons per day which would require that the operating partnership should be increased to an average of about 40 men.

Before the larger tonnage basis can be established it will doubtless be necessary to carry on some preparatory work in the mine and perhaps also in the mill and it seems



to me possible that the average grade of the ore may be somewhat reduced for a time but as compensation for all the above there should be a reduction in unit working costs which would keep the margin of profit per ton at least equal to what it has been in the past as long as the present premium prices are paid for the lead and zinc.

On this new basis let us assume that during the last half of this year a total of 12,000 tons of ore can be mined and milled yielding a return of \$19.00 per ton or a total of \$228,000.00 and that of this amount each of the 40 partners should average \$3,000 making a total of \$120,000. The out-of-pocket expenses of the Operating Company should remain at about \$415 per ton aggregating nearly \$50,000.00. There would then remain approximately \$58,000 to be paid to the Tennessee Company for the value of the ore and rental of equipment. Of this amount approximately \$10,000 would have to be applied to fixed charges while the other \$48,000 could be used to reduce the indebtedness of the Tennessee Company and thus increase the equity of the stockholders in the ~~ore~~ assets of the company and eventually provide a proper allowance for depreciation of plant, depletion of ore body and return of capital investment. The new terms suggested could be revised again at the end of this year if any modification seemed to be in order and in any event they will doubtless require substantial revision after July 1st, 1946, when the premium payments for lead and zinc are likely to be discontinued. Even after that date I anticipate that the operation of the Tennessee-Schuylkill Mine can be continued with profit if that situation as well as the present condition is met in a spirit of fair minded cooperation by both the company and

the operators.

Yours very truly,

George M. Colcocoresses  
Mining and Metallurgical Engineer



Cash 601

2

George E. Colquhoun  
Civil and Mechanical Engineer

# COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION

CHLORIDE, ARIZONA

August 24, 1945

Mines Operating Company  
Chloride, Arizona

Attention: J. R. Payne

Gentlemen:

Reference is made to our letter of August 1st regarding a re-negotiation of that portion of the existing contract between this Corporation and yourselves pertaining to the division of proceeds from production.

In the various conversations we have had since our August 1st letter, regarding its contents, the writer has kept you advised of each and every move that has been made by myself looking toward the fulfillment of your request that we submit to you some proposal that would be considered fair and equitable. In order to arrive at some such proposition we felt that the whole matter should be laid before as many interested parties as possible so that a composite of their judgment might be had.

Under date of August 3rd we submitted financial statements, as prepared by Dixon Fegerberg, Jr, to the Collector of Internal Revenue, Citizens Utilities Company, Tarr, McComb & Ware Commercial Company, Carl G. Krock, Fustee, George M. Colvocoresses, E.M., Walter Winsett and supplied you with an exact copy of these statements as submitted.

After giving each of the above named bureaus, firms and individuals sufficient time to digest the figures submitted, the writer has discussed the matter in detail with each of them and I can now give you some of the reactions encountered.

Collector of Internal Revenue

Under date of August 18, 1945 I have a letter signed W. P. Stuart Collector, from which I quote the following:

"Reference is made to the financial reports of Tennessee Schuykill Corporation and Mines Operating Company for the period commencing December 26, 1944, through June 30, 1945.

\*\*\*\*\*

While it is the desire of this office to extend to you and to the Mines Operating Company every consideration possible, it is evident that the amount applied on Federal taxes is grossly insufficient. It would also seem that the profitable period of operations will expire, or, at least, the operating profits will be materially decreased when the premium payments on strategic metals are discontinued. We



# COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION

CHLORIDE, ARIZONA

Mines Operating Company - August 24, 1945

Page #2.

"must therefore demand that provision be made immediately for the liquidation of the Federal tax accounts at a rate of not less than \$5,000.00 per month, or that the payments be increased so that the entire indebtedness to the United States be liquidated in equal monthly installments on or before June 30, 1946."

## Citizens Utilities Company

I have discussed this matter with Mr. Hart and will not undertake to interpret his reaction for the reason he is available to you for any discussion you may care to have with him on the subject. I will say however, that the impression I received after talking with Mr. Hart was that he believes the division of proceeds as provided in the present contract was not fair to the Corporation.

## Tarr, McComb & Ware Commercial Company

Mr. John Allen Ware of this firm has been here at the mine several times since our letter of August 1st and no doubt you have talked to him as much as you care to and are familiar with his opinions.

## Carl G. Krook, Trustee

As you know, Mr. Krook departed for a holiday August 6th and to my knowledge he has not as yet returned. I am sure that Mr. Krook's opinion would only be based on fairness.

## George M. Colvocoresses, R.M.

After Mr. Colvocoresses had examined the financial statements and other data submitted to him I asked him if he would be willing to write me a letter expressing his views on the subject. He wrote such a letter dated August 13th, copy of which I have supplied to you. Previous to this and after Mr. Colvocoresses' visit to the property he wrote a memorandum report dated August 7, 1945 headed, "Notes Regarding Tennessee Schuykill Mine Current and Future Operations". I have loaned you a copy of this memorandum report to read and you have returned it. If you desire to examine it further I will be glad to supply you with a copy upon request.

## Walter Winsett

I will not undertake to interpret Mr. Winsett's feelings in the matter as he being here at the property is available to anyone of the partners in case they have anything to discuss with him.

In addition to the above you are aware, from copies of correspondence passing between the Corporation and the Quota Committee, what has been done in that connection. Before writing to the Quota Committee under date of August 21st in an effort to keep our premiums from being jeopardized, copy of which letter you have, the writer discussed the advisability of writing such a letter with Mr. Payne.

# COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION  
CHLORIDE, ARIZONA

Mines Operating Company - August 24, 1945

Page #3.

While in Phoenix recently the writer called on Clifford Murdoch, State Mine Inspector, for the purpose of advising him with regard to the matter at hand. Mr. Murdoch asked if I would supply him with copies of the financial statements covering the first six months operation. Under date of August 21st these statements were forwarded to Mr. Murdoch with a letter from the Corporation, copy of which was supplied to you.

What might be termed as a composite of the opinions of all of the people referred to above will be set forth here in the nature of a proposal for a new division of proceeds from production as you requested.

The first six months operations produced 6,726 tons of mill heads from which there was received the following:

Colling Price	\$ 55,202.44
Premium "	<u>72,480.16</u>
Total (See financial statements page #4)	\$127,682.60

According to the auditors figures the following were the earnings of the partners in the contracting company.

Total Amount Drawn (See financial statements Page #38)	\$49,398.29
Undistributed Profits (See financial statements Page #5)	<u>40,388.96</u>
Total	\$89,787.25

There were an average of 23 men working during the first six months as shown by the auditors statement Page #38. Divide the figure above, \$89,787.25, which represents the total earnings of the partnership, by the number of partners 23 and you will find that each mans share in these earnings amounted to \$3,903.79 for the six months or an average of \$650.63 per man.

At this point I might add that I have not received Dixon Fagerberg, Jr. typewritten statements for July but I did discuss with Mr. Brooks, after he had taken the figures off, what they might show and I believe that July will show an average earning per man of approximately \$1,000.00.

All of the earnings above referred to are net which means after you have paid all of your expenses. During this same six months period, according to the auditors report to the Corporation, the company's share amounted to \$13,392.29 or an average of \$2,232.04 a month. This is the company's gross income which means before any of their expenses are paid.

If you will refer to the bound copy of financial reports dated August 3, 1945 which was supplied to various creditors and yourselves, you will find that on Page #48 there is a list showing the company's current monthly expenses. You will also find that there is no provision made in this list for depreciation or depletion. Without consideration for the capital investment or depreciation or depletion the total amount of monthly expense that must be borne by the company is \$1,600.75. Deduct this figure from the average gross monthly



# COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION

CHLORIDE, ARIZONA

Mines Operating Company - August 24, 1945

Page 4.

income of the Corporation shown above, \$2,232.04, and you will have a balance of \$651.29 per month. Under the present arrangement the company must pay depreciation and depletion charges plus consideration to those who invested their money in a considerable amount to make this operation possible.

If, during the first six months operation, our division of proceeds had been set at a figure that would have yielded each partner \$500 per month instead of \$650 per month, there would have been an average of \$150 per month less to each of the partners. Based on the auditors report that there were an average of 23 men working for that period, you would multiply \$150 per man times 23 men which would amount to \$3,450 per month or a total of \$20,700 for the six months more than the company did receive. If this were added to what the Company did receive you would have the following:

Amount Company Actually Received	\$15,592.29
Add: Amount Company would receive if partners earned \$500 per month	<u>20,700.00</u>
Total	\$34,092.29

In order to comply with the rulings of the O.P.A. all B and C premiums must be paid to the contractors under our set-up. In order to make it more simple to figure it is suggested that all premiums, including A, B & C, be paid to the contractors and that the company's share be paid from Smelter returns or ceiling prices only, plus a rental of X Dollars per ton for the use of the mining and milling plant.

During this six months period, smelter or ceiling price money grossed \$55,202.44 as shown in the beginning of this letter. Using the above example of \$500 per month per man for this period instead of \$650 per month per man it is shown above that the company's share would have amounted to \$34,092.29. For example, if the company received 10% of ceiling money only their gross income would have been \$5,520.15. Deducting this from what the company's income would have been if the partners earned \$500 per month each, we have the following:

Company's income for first six month allowing net earning of \$500 per month for each partner	\$34,092.29
Deduct: 10% of ceiling money	<u>5,520.15</u>
Net that would have been left for plant rental	\$28,572.14

Divide this figure, \$28,572.14, by the number of tons produced 6,726 and your answer is \$4.25 per ton. This is with an average of 36½ tons daily.

It is the opinion of all interested parties including the writer that a minimum of 70 tons daily should be mined and milled. With increased volume of tonnage we all know that per ton costs go down and partners earnings go up. For example, July averaged a little over 50 tons daily and as shown above the partners net earnings per man amount to approximately \$1,000 which is the greatest earnings per man per month to date.

# COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION  
CHLORIDE, ARIZONA

Mines Operating Company - August 24, 1945

Page #5.

After a fair and impartial analysis of the figures shown from the six months results it is the opinion of the Corporation that we must consider the imminent danger of the Quota Committee adjusting our premiums downward under the present set-up, the creditors, whose demands cannot be met under the present arrangement as evidenced by the quotation from the Collector of Internal Revenue in the beginning of this letter and those who have their money invested in the property.

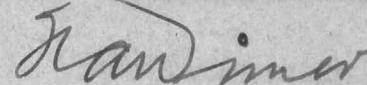
X The Corporation, therefore, proposes that we amend our contract effective July 1st, 1945 so that the division of proceeds will call for the company's share being 10% of smelter or selling money plus a plant rental of \$4 per ton based on mill heads. At 70 tons per day the income per partner per month would be extremely generous and the Corporation would receive a sufficient proportion to eliminate the danger of the Quota Committee reducing our premiums with perhaps enough left to show some small return to those who have their money invested which, of course, makes the entire operation possible for all concerned. Naturally the investor would receive no return in the form of cash until all creditors demands are satisfied.

It is our hope to receive your decision regarding this proposal without delay.

Very truly yours,

TENNESSEE SCHUYLKILL CORPORATION

By



N. A. Winer - President

HAW:D

c. c. Collector of Internal Revenue, Phoenix  
Citizens Utilities Company  
Tarr, McComb & Ware Commercial Company  
Carl C Krook, Trustee  
George M. Colvocoresses, E.M. ✓  
Walter Winsett  
Clifford Murdoch

#



# COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION  
CHLORIDE, ARIZONA

August 1, 1945

Mines Operating Company  
Chloride, Arizona

Gentlemen:

Financial statements covering the operation of the Tennessee Mine under the terms of the contract existing between yourselves and this Corporation from the beginning of the contract through June 30, 1945, as compiled by Dixon Fagerberg, Jr., have been received.

From a study of the figures, it is obvious that the division of proceeds from production is not equitable as it is now being done. The figures for the six months' operation have been requested by various interested parties including the Collector of Internal Revenue, the Quota Committee, Tarr, McComb & Ware Commercial Company, Citizens Utilities and others. It is my opinion that when these figures are received and studied by the above-named Government agencies and others, we will be told that we must amend our agreement regarding the division of proceeds from production. In addition to this, the Office of Price Administration will enter into the picture and unless they are satisfied that none of their rules have been violated, it is my understanding that the parties to the contract are liable for damages in an amount equal to triple the sums they have received by virtue of the contract.

In order to avoid legal complications which might disrupt our present setup, the Tennessee Schuykill Corporation must submit the figures for the six months' period to the parties named above as having requested them without further delay. It is my further opinion that if we wish to continue in the good graces of these Government agencies and other creditors as well as the owners of the property, we would be wise to voluntarily make the proper adjustment in that section of the contract that covers the division of proceeds. To do this before we are forced to would certainly be an indication of good faith on our part. My suggestion is that such an amendment be made effective as of July 1, 1945.

Some of the reasons why I am positive that we will be forced to make some adjustment are as follows:

**FIRST:** The last time I called at the office of the Collector of Internal Revenue at Phoenix, I was told that in their opinion the Corporation's part of the proceeds from production was entirely too small. I answered this by stating that such a point of view was not justified until actual figures were available covering a long enough period to give some measure of accuracy regarding results. In the discussion, it was agreed that nothing should be done until figures covering six months'

operations were available and that these figures should be produced without delay after the six months' period had expired.

A statement was made by a member of the staff of the Collector that they originally had allowed the contract to proceed as an experiment in the hope that the property could pay its way out and not have to be dismantled.

SECOND: Referring to the letter from the Quota Committee of the War Production Board dated July 20, 1945, copy of which I sent you, it is my impression that their request for a report covering June and July operations as soon as possible, also a forecast of expected operations for the next three or four months, might mean that they have in mind making some adjustment in either premiums or quota or both. The act of Congress extending the Premium Price Plan carried with it authority to make such adjustments in individual cases. Costs per ton are one of the principal factors considered by the Quota Committee in the granting of premiums and should net profits be too high, there is a great danger of unfavorable action being taken regarding premiums.

THIRD: Tarr, McComb & Ware Commercial Company insisted at the time the contract was being drawn that the Company's portion be larger than the amount originally agreed upon. Several times during this six months' period, Mr. John Allen Ware has spoken to the writer about considering some adjustment that would be more equitable to the Corporation.

FOURTH: Mr. Hart of the Citizens Utilities has indicated to the writer in conversation that his opinion is somewhat similar as that expressed in the paragraph above regarding Tarr, McComb & Ware.

FIFTH: The owners of the property who have a considerable investment in it are, as you know, stockholders in the Tennessee Schuylkill Corporation. There are several who hold an important number of shares of stock and it seems to be their general feeling that the present division of proceeds is not equitable. They complain that the ore reserves are being depleted and that the yield under the present arrangement is little or nothing for the Corporation.

All parties concerned agree that the present form of contract is ingenious inasmuch as it works to the benefit of everyone concerned, the only complaint being that the proceeds are not properly divided between the contractors and the Corporation.



August 1, 1945

In anticipation of what we are to face when these figures are released, it is my suggestion that we undertake to voluntarily arrive at some equitable amendment to that part of the contract set forth in Paragraph 16 but in case it is impossible for the partners in your firm to agree to such an arrangement, I am certain that it will be necessary for official notice to be served upon you of the termination of the Operating Contract under the terms of Paragraph 21 of the contract.

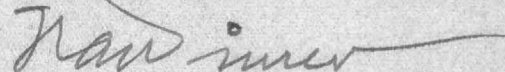
To eliminate any further loss of time in undertaking to make the required adjustments, you may consider this letter as the notice required under the terms of Paragraph No. 21 of the contract between yourselves and this Corporation dated December 8, 1944.

In order to keep all parties concerned in this matter informed of the effort being made to affect an adjustment, I am sending copies of this letter as indicated below.

Yours very truly,

TENNESSEE SCHUYLKILL CORPORATION

By:



N. A. Wimer - President

NAW:df

- c.c. Collector of Internal Revenue  
Phoenix
- c.c. C. M. Hart, Citizens Utilities Co.  
Kingman
- c.c. John A. Ware, Kingman
- c.c. C. G. Krook, Trustee, Kingman
- c.c. Geo. M. Colvocoresses, Phoenix ✓
- c.c. Walter Winsett, Chloride

September 21, 1945

Mr. N. A. Wimer  
530 West 6th Street  
Los Angeles 14, California

RE: Tennessee, - Division of Returns

Dear Mr. Wimer:

After my recent conference with Clifford Murdock I went over our correspondence on this subject and it seemed to me that the partners in the Mines Operating Company objected to your proposal on August 24th mainly for the following reasons:

(1) They claim that the undistributed profits amounting to \$40,388.96 during the first six months does not really represent their income but is largely a "working capital" which, if they are to continue, must be held in reserve to be used at least in part, for the development of new ore bodies, the preparation of new stopes, or for major repairs, etc. If the agreement should be terminated they recognize that the money would be divided between them and thus it might seem better for them to liquidate their partnership now rather than to proceed under the terms of the proposed new agreement and take the chance of diminishing this reserve fund.

(2) In accepting the terms of the proposed amended agreement, retroactive to July 1st they felt that they would be giving up some \$10,000 (i.e. \$400 per ton on say 2500 tons produced during July and August) which already belonged to them under the working contract and should not be taken away and also a similar portion of the money which they might hope to earn dur-



ing September and therefore they claimed that any revised terms should not apply until October 1st.

X (3) They do not believe that the earning per man could be increased by increasing the daily rate of production and taking in additional partners unless they first carried out a lot of underground development work at heavy expense; also working with a larger crew would increase the chance <sup>for</sup> ~~the~~ friction between the partners, or inefficiency of the part of some of them.

(4) They do not believe that the earnings of the first six months of this year can be duplicated in the future even if the same premium prices should be paid by the Metals Reserve Company. They claim that the bulk of their production and profits during the six months period in question was derived from the "1170 stopes" (in the Schuylkill ground) which are now nearly exhausted and which produced a grade of ore that cannot be duplicated from any other accessible portion of the mine. They also foresaw the possibility that the Quota Committee would reduce the premium payments.

(5) They felt that under the new arrangement you (i.e. The Tennessee Company) would become a partner along with the men and have a right to interfere in the internal affairs and management of the Operating Company.

Now in respect to these five objections I can see no force whatever to #5 which does not appear to be mentioned in your letter of August 24th to the Mines Operating Company but the other four should, I think, be given careful and fair consideration. To simplify the matter I would say that the men are honestly convinced that the large profit earned during the first half of this year can not be duplicated in future and that with net earnings falling to perhaps \$80,000 or less (see Schedule C Comparative Estimate at-

tached) their monthly earnings under your proposal of August 24th would quickly fall to less than \$400. While the reduction in the Company's share in the returns would be only slightly diminished as long as you collect \$4.00 per ton of ore for rental of the equipment.

Murdock thinks that the men are correct in anticipating that the mine will henceforth produce a lower grade of ore, altho my conferences with Paine and others left me with a different impression; but in any case, the action of the Quota Committee (unless this is revoked) will cut into the income from future operations.

After having given careful consideration to all factors of the case, - in so far as my personal knowledge of local conditions permit, - and believing that it will be much to your advantage to continue relations with the present Operating Company, - if this can be done on reasonable terms, - and avoid any break in operations, I make the following suggestions for the terms of a new agreement which might be termed a compromise settlement, to become effective on July 1st, if possible, or at such other date as may be mutually agreed upon.

(1) That after the date when the new agreement becomes effective and during each calendar month of operations 10% of the net smelter returns (or payments based on ceiling prices) should be paid to the Company.

(2) That a rental for the equipment of \$2.50 per ton of ore milled should also be paid to the Company.

(3) That from the balance of the total net returns (after deducting payments made under 1 and 2) the sum of \$400 per man or as nearly that figure as possible should be guaranteed and paid to the Operating Company.

(4) That any surplus remaining after the payments stip-



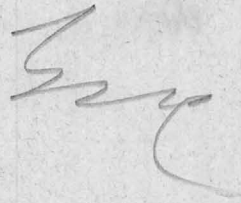
Mr. N. A. Wimer , - 4

X  
ulated under 1,2, and 3 should be divided equally between the Tennessee Company as extra rental and ~~between~~ the Operating Company as extra earnings.

(5) That changes in these schedules may be arranged in case there are changes in the premium payments which will entail so large a reduction in the earnings of the operation that the payment to be made under (3) will not equal \$400 per man per month.

X  
The attached schedule gives estimates which are of course very approximate, since one can only guess in advance as to the amounts of the 10% royalty payments, but it should be useful as a comparative illustration of the division of profits that may be anticipated under the present agreement, your proposed plan and my suggested compromise which last should, I believe, be accepted<sup>able</sup> to the men if the workings of same are properly explained to them.

Yours very truly,



GMC/tar

Estimate of Comparative Returns Under  
Different Plans of Division

	Tons Ore Milled	Av. Men Empl	Net ret. available for distr	Share to Tennessee	Share to Operators	Av. Earn. per Man per Month
<b>A</b> First six Months of 1945 Present Plan (actual results)	6 726	23	\$103 180	\$13 392	\$89 787	\$650
Wimer Plan 10% on Smelter Return Rental @ \$4.00 per ton ore	6 726	23	103 180	5 520		
Surplus to Operators				26 904	70 756	
Total				32 424	70 756	513
Colvocoresses Plan 10% on Smelter Return Rental @ \$2.50 per ton ore	6 726	23	103 180	5 520		
Guarantee to Men @ \$400 per man <i>per month</i>					55 200	
Surplus 50% to Company and 50% to Operators				12 822	12 823	
Total				35 157	68 023	493
<b>B</b> Assumption I- Future Six Months Period	7 000	23	90 000	12 000	78 000	565
Present Plan Wimer Plan 10% on Smelter Return (say)	7 000	23	90 000	5 000		
Rental @ \$4.00 per ton				28 000		
Surplus to Operators					57 000	
Total				33 000	57 000	413
Colvocoresses Plan 10% on Smelter Return Rental @ \$2.50 per ton ore	7 000	23	90 000	5 000		
Guarantee to Men @ \$400 per man <i>per month</i>					55 200	
Surplus 50% to Company and 50% to Operators				6 150	6 150	
Total				28 650	61 350	445
<b>C</b> Assumption II - Future Six Months Period Present Plan	7 000	23	80 000	10 000	70 000	507
Wimer Plan 10% on Smelter Return (say)				4 500		
Rental @ \$4.00 per ton				28 000		
Surplus to Operators					47 500	
Total				32 500	47 500	344
Colvocoresses Plan 10% on Smelter Return (say)	7 000	23	80 000	4 500		
Rental @ \$2.50 per ton ore				17 500		
Guarantee to Men @ \$400 per Man <i>per month</i>					55 200	
Surplus 50% to Company and 50% to Operators				1 400	1 400	
Total				23 400	58 800	410

56600

410

23400



October 9, 1945

Mr. N. A. Wimer  
530 West 6th Street  
Los Angeles 14, California

Re: Tennessee Mine

Dear Mr. Wimer:

I have received this morning your letters of the 5th and 8th together with the enclosures sent with the first letter.

I note that you are now back in Los Angeles and trust that you had a pleasant and successful visit to the East.

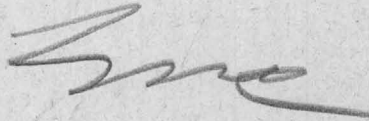
I was sorry to learn that relations with the Operating Company had been broken off and your contract was to be cancelled, but I presume that you have in mind other plans for continuing to work the mine.

<sup>until</sup> Unless I hear from you further in regard to these it does not appear that I can make any helpful suggestions, so I shall merely await your next communications.

I expect to be in Phoenix most of the time during the next two or three weeks, except for a trip to Globe, the date of which has not yet been settled and that ~~can~~ <sup>will</sup> probably take me away from this city for four or five days.

Personal regards.

Yours very truly,



GMC/tar

? re rescinding of Contract &

Prepared Sept 21/48

**NYE A. WIMER**  
530 WEST SIXTH STREET  
LOS ANGELES 14, CALIFORNIA

*A 10/9 '45*

October 8, 1945

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

Dear Mr. Colvocoresses:

Since I got back from my last trip to New York a great many things have taken place in connection with the Tennessee mine.

You will gather from copies of correspondence sent you under ~~sparate~~ cover that action is being taken by the Corporation to protect its interests. There is little else to say at this time except, perhaps, that we found it impossible to deal with our present contractors in any other manner than the one that has been adopted.

Sincerely yours,

*N. A. Wimer*  
N. A. Wimer

NAW:HB



TENNESSEE SCHUYLKILL CORPORATION  
CHLORIDE, ARIZONA

*10/9/45*

October 5, 1945

Mr. George M. Colvocoresses  
Luhrs Towers  
Phoenix, Arizona

Dear Mr. Colvocoresses:

Enclosed are copies of the material listed below which is being mailed from this office today.

1. Notice of Rescission, Tennessee Schuykill Corporation to Mines Operating Company and Carl G. Krook, Trustee, dated October 6, 1945.
2. Letter to Carl G. Krook dated October 6, 1945.
3. Letter to Valley National Bank dated October 6, 1945.
4. Letter to American Smelting & Refining Company dated October 6, 1945.
5. Letter to Metals Reserve Company dated October 6, 1945.
6. Letter to Office of Price Administration dated October 6, 1945.
7. Letter to Walter Winsett dated October 6, 1945.

Sincerely yours,

*N. A. Wimer*

N. A. Wimer

NYE A. WIMER  
530 WEST SIXTH STREET  
LOS ANGELES 14, CALIFORNIA

October 8, 1945

Mr. Joseph P. Klein  
Route 2--Box 828  
Ojai, California

Dear Mr. Klein:

With reference to our recent correspondence, I thought I would let you know what has transpired. Upon my return from the East about two weeks ago, I was able to reach a man for the Chloride job that I had undertaken to contact before I left for the East. I find that he is able to accept the position, so for the time being there is nothing further for us to discuss.

Perhaps at some future date we can get together on something else. If you are in Los Angeles at any time and find it convenient, I would be glad to have you drop in on me.

Very truly yours,

N. A. Wimer

NAW:HB  
cc Mr. George M. Colvocoresses ✓

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NOTICE OF RESCISSION

- oooOooo -

TO: MINES OPERATING COMPANY, a co-partnership,  
of Chloride, Arizona

CARL G. KROOK, Trustee

YOU AND EACH OF YOU ARE HEREBY NOTIFIED that the undersigned intends to and does hereby rescind and disavow that certain contract entered into by and between Mines Operating Company and Tennessee Schuylkill Corporation and under which Carl G. Krook was appointed trustee, dated December 8, 1944, for the operation of the reduction plant and mine of the undersigned located at Chloride, Arizona, upon the ground that the contract is illegal in that it is in violation of the Emergency Price Control Act of 1942, as amended, and is against public policy; the undersigned offers to restore to you everything of value which it has received under this contract and to do and to perform all acts and things which might be necessary or proper in order fully to restore to you all of the things of value received from you as fully and completely as if said contract had never been made, upon the condition that you restore the moneys and things of value received by you under the said contract.

DATED this 6th day of October, 1945.

TENNESSEE SCHUYLKILL CORPORATION

By

N. A. Wimer - President

By

Dorothy A. Decker, Secretary

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October 6, 1945

Mr. Carl G. Krook  
Post Office Box 1029  
Kingman, Arizona

Dear Mr. Krook:

We are enclosing herewith Notice of Rescission of operating contract dated December 8, 1944, for the operation of the reduction plant and mine of the Corporation, which was executed by and between the Corporation and the Mines Operating Company, a co-partnership, and in pursuance to which contract you were appointed Trustee.

You are to forthwith cease and desist from making further payments as Trustee to either parties to said contract until the matter has been adjudicated by a Court. The Corporation will hold you accountable and responsible for any payments made in pursuance to this Agreement after receipt of this Notice.

Very sincerely yours,

TENNESSEE SCHUYLKILL CORPORATION

By

N. A. Wamer - President

NAW:D  
Enc.  
Registered Mail



COPY

October 6, 1945

Valley National Bank  
Kingman, Arizona

Gentlemen:

This is to notify you that the operating contract dated December 8, 1944, between the Tennessee Schuylkill Corporation and the Mines Operating Company has been rescinded, in accordance with the enclosed Notice and for the reasons stated therein.

Your Bank has been acting as the Depositary for funds received in pursuance to the said operating contract, and accounts are carried in your Bank designating Carl G. Krook a Trustee for Tennessee Schuylkill Corporation, and another account designated Mines Operating Company.

Any further payments from either of these accounts after the receipt of this Notice will be at your own risk and responsibility, and it is recommended that no further payments be made until the matter can be adjudicated in the Court.

Very truly yours,

TENNESSEE SCHUYLKILL CORPORATION

By

N. A. Wimer - President

NAW:D  
Enc.  
Registered Mail

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October 6, 1945

American Smelting & Refining Co.  
120 Broadway  
New York City, N. Y.

Gentlemen:

This is to notify you that we have today rescinded the operating contract dated December 8, 1944, between this Corporation and the Mines Operating Company, under the terms of which Mr. Carl G. Krook was designated as Trustee and the Valley National Bank, Kingman, Arizona, the Depository. This Agreement has been rescinded on the ground that the same is illegal and violative of the Emergency Price Control Act of 1942, as amended.

Upon receipt of the enclosed Notice, you are directed to cease and desist from making any further payments to the Trustee in pursuance to this contract until the matter has been adjudicated in the court.

Very sincerely yours,

TENNESSEE SCHUYLKILL CORPORATION

By

N. A. Wimer - President

C.C. American Smelting & Refining Co.  
Amarillo, Texas - and  
El Paso, Texas

NAW:D  
Enc.



**C O P Y**

FROM

**TENNESSEE SCHUYLKILL CORPORATION**

**CHLORIDE, ARIZONA**

October 6, 1945

Metals Reserve Company  
c/o Reconstruction Finance Company  
Washington, D. C.

Gentlemen:

We are enclosing herewith a copy of Notice of Rescission of the contract dated December 8, 1944, between this Corporation and the Mines Operating Company. This contract is being rescinded on the grounds that the same is illegal and constitutes a violation of the Emergency Price Control Act of 1942, as amended. Further payments in pursuance to this contract by your Agent should be held up from the date of this letter until the matter can be adjudicated in Court.

Very sincerely yours,

**TENNESSEE SCHUYLKILL CORPORATION**

**H. A. Wimer, President**

HAW:D

Enc.

cc Quota Committee

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October 6, 1945

Office of Price Administration  
Federal Office Building No. 1  
Washington, D. C.

Attention: Mr. James A. Spruill, Jr.  
Chief Counsel, Nonferrous  
Metals Branch

Dear Mr. Spruill:

We are enclosing herewith a copy of Notice of Rescission of operating contract dated December 8, 1944, between this Corporation and the Mines Operating Company, for the reasons set forth in the said Notice.

A reference to your file will indicate the many efforts made by the Company to conform this agreement to Maximum Price Regulation Order Number 356. In view of the fact that we have not been able to meet the requirements of this Regulation under our Agreement, we saw no alternative but to rescind. This Corporation does not want to be a party to any illegal contract. Accordingly, you will note that we are offering to restore everything of value to the other contracting party in order to place that party in status quo.

We appreciate very much the efforts which you put forth in endeavoring to help us solve the problems in connection with conforming the December 8, 1944, Agreement to the Regulation mentioned above. In view of this interest, we felt that you would want to be advised of this step.

Very sincerely yours,

TENNESSEE SCHUYLKILL CORPORATION

By

N. A. Wimer - President

NAW:D  
Enc.



**C O P Y**

FROM

**TENNESSEE SCHUYLKILL CORPORATION  
CHLORIDE, ARIZONA**

October 6, 1945

**Mr. Walter Winsett  
Chloride, Arizona**

**Dear Walter:**

I have requested Mr. Harry Nasland to go to Chloride, arriving there Monday, October 8. If, for any reason, the contractors abandon the Tennessee mine suddenly, with or without notice, it will be necessary to see that the pumps continue to operate and that the mine is not damaged from being allowed to fill up with water. Mr. Nasland, who will have a signed copy of this letter in his possession, will give you any assistance you may need in keeping the pumps in operation, or otherwise.

If it becomes necessary to employ some additional help, you are authorized to proceed, and you may give any such new employee my personal assurance that his wages will be paid promptly. This, of course, includes yourself.

Mr. Nasland will be in close communication with the writer, and I would very much appreciate it if you would be frank with him in keeping him advised of any developments or happenings that you may learn of.

Sincerely yours,

**TENNESSEE SCHUYLKILL CORPORATION**

**H. A. Wimer, President**

**NAW:HB**

**NYE A. WIMER**  
530 WEST SIXTH STREET  
LOS ANGELES 14, CALIFORNIA

September 15, 1945

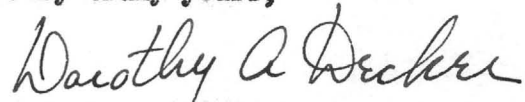
Mr. G. M. Colvocoresses  
1102 Luhrs Towers  
Phoenix, Arizona

Dear Mr. Colvocoresses:

Although I forwarded the copy of your letter of September 13th to Mr. Wimer last night I knew he would be very much interested in its contents so read it to him over the phone this morning.

Mr. Wimer said that he will be very much interested in receiving the report you contemplate preparing on the problems concerning the Contractors at the Tennessee and is hoping that you will be able to have it here at this office by the time he returns from the East. Mr. Wimer does not know at present just what day he will return but I do know he does not contemplate staying East for any great length of time.

Very truly yours,



Dorothy A. Decker  
Secretary to Mr. Wimer



**NYE A. WIMER**  
530 WEST SIXTH STREET  
LOS ANGELES 14, CALIFORNIA

September 8, 1945

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

Dear Mr. Colvocoresses:

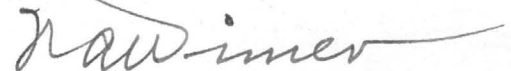
Received a letter from Mr. Klein today and have answered it, copies enclosed. I am also enclosing copy of Mines Operating Company July financial statement.

Your letter of September 6th is acknowledged together with enclosures.

While I am in the East I will go to Washington and have a talk with Strobel and perhaps some of the members of the Quota Committee.

Note your remarks regarding the improvement in your physical condition and the arrangement you suggest between yourself and the Tennessee and Magma. I am sure that the plan you have in mind will work out satisfactorily and so far as the Tennessee is concerned I believe we should consider it effective now. After I return from the East I will perhaps have some definite ideas and plans regarding the Magma which we can discuss at that time.

Very truly yours,



N. A. Wimer

NAW:D

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Ojai, California  
Box 828 - Route 2

Mr. N. A. Wimer  
Los Angeles, Calif.

Dear Mr. Wimer:

There was a delay in the delivery of your letter, due to a change of address. I hope this answer will reach you before your leaving for N.Y.

I am interested to know what you may have for me at Chloride, but must add that I can not be available immediately. At this time, being busy every day, I hardly see how I can arrange a meeting with you by the 9th.

I wish to thank Mr. Colvocoresses for his good words about me. I also feel, as he does, that I can handle the situation at Chloride, if properly financed.

The Tennessee is not entirely strange to me, as a number of years ago; Mr. O. H. Shoup, former Governor of Colorado, endeavored to get a deal on the property. I sampled the ore, then exposed on the 900 ft. level, for him.

Very Respt.,

(signed) Jos. P. Klein



NYE A. WIMER  
530 WEST SIXTH STREET  
LOS ANGELES 14, CALIFORNIA

September 8, 1945

Mr. Joseph P. Klein  
Route 2 - Box 828  
Ojai, California

Dear Mr. Klein:

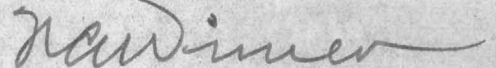
Thanks for your letter which arrived today.

I am leaving for New York tomorrow and plan to be back in two weeks if transportation is not too difficult.

My suggestion would be that upon my return we get together for a talk. It would perhaps be best if you could come here because any records we might need to refer to would be here.

You may write me here stating if this arrangement meets with your approval. While I am away my secretary will be in touch with me daily and I will receive your communication in that way. When I return I could notify you by phone, if you have a phone, and if not by letter and we could make a definite appointment.

Very truly yours,



N. A. Wimer

NAW:D  
c.c. G. M. Colvocoresses

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September 13, 1945

Mr. N. A. Wimer  
530 West 6th Street  
Los Angeles 14, California

RE: Tennessee

Dear Mr. Wimer:

I had a long conference with Clifford M Murdock on the 10th and he explained to me in detail the differences of opinion between the operators and yourself which so far had made it impossible for you to get together on the terms of a new operation agreement.

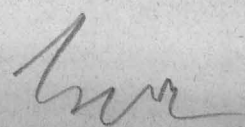
Since I assume that you will not have opportunity to give this matter attention until you return from New York and since I am very busy on some other work I shall not go into detail at the present time, but will merely say that I believe that both parties are laboring under some misunderstanding which I think and which Mr. Murdock thinks can be eliminated before the present agreement expires.

I will work up some notes on this matter and prepare a report with suggestions to which I know you will give consideration after you return to the West. I should be able to send you this around the 20th of this month, assuming that you will probably not be back in Los Angeles before the 24th.

I have received your letter of September 8th with copies of correspondence with Klein, also, copy of the financial statement of the Mines Operating Company for July, and copy of the lease and option on the Arizona Magma property executed as of September 1st.

I note from yours of September 8th that you feel that our business arrangement in reference to the Tennessee property should be considered as effective at present and since I concur with these sentiments I will proceed on that basis to be of as much assistance as possible in reference to the affairs of the Tennessee Company.

Yours very truly,



GMC/tar



September 21, 1945

Mr. N. A. Wimer  
530 West 6th Street  
Los Angeles 14, California

Re: Tennessee  
Correspondence

Dear Mr. Wimer:

Your office has forwarded me a copy of Mr. McCrea's letter to you of September 19th relative to the income tax, I presume that you will answer that letter direct or defer a reply until you see the Internal Revenue people in person.


Mr. Strobel's letter of September 14th copy also forwarded does not sound hopeful but perhaps the Committee may be open to consider further arguments on the question of premiums.

Have noted copies of Mr. Winsett's letter to you of the 17th and 18th and it seems as if no time should be lost in endeavoring to work out a new agreement with the Operating Company, unless you have definitely determined to do business with other parties.

I am sending <sup>the</sup> this letter <sup>regarding division of profits</sup> in triplicate (only two copies of schedule) assuming that your secretary may wish to send copies to other parties. I personally, am leaving Phoenix the end of this week and probably shall not return here until the 27th or 28th. It will be best to keep forwarding copies of letters to my office but if there is any special reason for getting in touch with me quickly I expect to be staying while I am away at the Dominion Hotel, Globe, Arizona.

Trusting that you are having a pleasant and successful trip to the East. I remain

Yours very truly,

  
Hope you will have a chance to see the  
Lunta Committee in Washington - it would be well to see White

TENNESSEE SCHUYLKILL CORPORATION  
CHLORIDE, ARIZONA

September 19, 1945

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

Dear Mr. Colvocoresses:

Enclosed herewith are copies of the following  
letters.

1. Letter to Mr. Wimer dated September 14, 1945 from Landon F. Strobel.
2. Memorandum from Walter Winsett to Mr. Wimer dated September 17, 1945
3. Letter to Mr. Wimer from Walter Winsett dated September 18, 1945.

The above letters were read to Mr. Wimer on the phone today and he asked me to forward copies to you.

Very truly yours,

*Dorothy A. Decker*  
Dorothy A. Decker  
Secretary to Mr. Wimer



TENNESSEE SCHUYLKILL CORPORATION  
CHLORIDE, ARIZONA

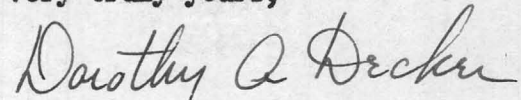
September 20, 1945

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

Dear Mr. Colvocoresses:

The enclosed copy of letter is sent  
to you under Mr. Wimer's instructions received by phone  
today. This letter was received by Mr. McRae today.

Very truly yours,



Dorothy A. Decker  
Secretary to Mr. Wimer

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TREASURY DEPARTMENT  
Internal Revenue Service  
Phoenix, Ariz.

Office of the Collector  
District of Ariz.  
In Replying Refer to IT: WMcR:BLD

September 19, 1945

Tennessee Schuykill Corporation  
Chloride, Arizona

Attention: Mr. N. A. Wimer, President  
530 West 6th Street  
Los Angeles 14, California

Gentlemen:

This office is today in receipt of notice of cancellation of the operating agreement between Tennessee Schuykill Corporation and Mines Operating Company. It is stated in the communication that the Quota Committee has issued an order cancelling the larger part of the premium payments on lead and zinc, effective October 1, 1945. The cancellation would probably make it equally unprofitable for other operators.

Prior to the receipt of this notice, information had been received in this office indicating that the Mines Operating Company had tentatively agreed to submit a counter offer for the operations of the Tennessee Schuykill mine, which, we believe, would have met with out approval. It is believed that the Mines Operating Company may be interested in continuing its operation on a basis that would be mutually profitable to them, and at the same time provide for the ultimate liquidation of the indebtedness to the United States and other creditors.

It is suggested that you also determine whether or not the order cancelling the premium payments may be vacated, providing the operating costs of the Mines Operating Company, i.e., the rents and royalties to Tennessee Schuykill Corporation, are increased.

Yours Very truly,

W. P. STUART, Collector

(signed) William McRae

William McRae  
Chief, Income Tax Division

*W. P. Stuart*



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WAR PRODUCTION BOARD  
WASHINGTON, D.C.

September 14, 1945

Mr. N. A. Wimer, President  
Tennessee Schuylkill Corporation  
Chloride, Arizona

Dear Mr. Wimer:

Re: Tennessee Mine.

This will acknowledge receipt of your letter of September 4, 1945 in which you ask "the basis upon which the Quota Committee took action" in revising the quotas on metals produced from the Tennessee Mine.

The quota revision was based on the combined operating results which you have forwarded monthly of the Tennessee Schuylkill Corporation and the Mines Operating Company for the period January-June 1945, inclusive.

Our records are open for your inspection if you wish to examine them.

Very truly yours,

(signed) Landon F. Strobel  
Executive Secretary, Quota Committee  
Premium Price Plan for Copper, Lead & Zinc  
Social Security Building, Room 4317

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September 17, 1945

FROM: W. B. Winsett

TO: N. A. Wimer

Nothing new of importance has occurred since you left.

Mr. Cliff Murdock was here last week, as you probably know. Also, the Mr. Harrington of Internal Revenue, altho I did not see him. He told Bob Payne that he would get in touch with you thru the L.A. office.

The M.O. Co. are producing about 50 tons a day, and have had no interruptions so far this month.

In August the mine was operated 28 days, producing 1447 dry tons of ore and shipping 3 cars of lead concentrates and 4 cars of zinc.

Development expense during August as of the detail contained in M. O. progress report was \$2,200.37.

I have checked development for August and find it correct.

M. O. Co. have stopped drifting on the 1400 level and are now engaged in extracting the available ore left on that level.

The contemplated raise on the 1200 level through to the 1,000 has of course been abandoned.

So far they have been keeping stopes well gobbled up and repairs have been kept up in good shape; both underground and on top.

Should any new developments take place will let L.A. office know at once.

Signed

W. B. Winsett



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September 18, 1945

Mr. N. A. Wimer  
Los Angeles, Calif.

Dear Mr. Wimer:

This morning I was handed by J. R. Payne, Mines Operating Co. a written notice to the effect that Mines Operating Co. were terminating the operating contract between themselves and Tennessee Schuylkill Corp. on thirty days notice as of Article 21B in said contract.

M. O. Co. wish to terminate all work and liabilities, on close of business Oct. 20, 1945.

Since this will cut the time of termination ten days under what you had planned, I am informing you of this at once.

M. O. Co. have sent copies of this to Carl Krook who is to send you one - also to Internal Revenue.

Bob Payne assured me that this notice was given on the advice of Carl Krook.

Signed - W. B. Winsett.

September 6, 1945

Mr. N. A. Wimer  
530 West 6th Street  
Los Angeles 14, California

Dear Mr. Wimer:

I am returning herewith as requested in your recent letter: (1) your letter regarding the Gold Hill Placer written you by Richard S. Jones of 639 South Spring Street on August 24, (2) the letter of application from David Rice, P. O. Box 403, Ely, Nevada written on August 28 and, in this connection, Mr. Rice may be a very competent engineer but I think that for your present purpose it would be better to secure an older man with a wider experience, (3) the monthly reports of the Mines Operating Company at the Tennessee, December 1944 to July 1945, inclusive. I am sorry to have kept these reports so long and do not believe that at present there is any need to have copies made for my file since I have made up a statement containing the more important data. No doubt these originals would be available at any time that they might be required.

I acknowledge yours of the 4th enclosing a copy of your letter of that date to Strobel and Strobel has written me acknowledging my letter, giving the address of Klein which you already have and mentioning that the question of the Tennessee premiums was being given consideration by the Committee who seem to have acted even before he wrote me, but who may very probably reconsider the whole matter.

I also noted a copy of your letter of September 4th to Klein and hope that he may be available, as I think that he would be your best bet under the present circumstances.

Acknowledging your letter of September 5th, I note that you plan to go to New York on the 9th instant and will be away for about two weeks but that all communications, in the meantime, will be taken care of by your secretary.

The question of examining the charges for development work made by the Operating Company seems rather complicated, for if you are going to challenge



their figures and request a revision it seems to me that you would have to employ a competent representative who would make a critical examination of all of the development work which they have actually done and check this with their monthly accounts, going over each item separately.

As a matter of policy this would seem to me to be a questionable procedure since I do not think that you could hope to secure any very substantial rebate and an attempt to do so might further antagonize the partners in the operation. It is my hope that these men will think matters over at their leisure and after they realize how very liberally they have been treated and have listened to a talk by Murdock I feel that there is a good chance that they may come around to your way of thinking and accept the proposal which you last made them, but, of course, I am out of touch with the actual situation and must leave this matter entirely to your own good judgment.

Noting the copy of your letter of the 5th to Judge Krook in respect to including the tax on freight rate along with the freight, I believe that this matter has already been settled, either by some government order or a court decision which agree with you in holding that the tax must be included with the freight and I think that if Judge Krook would write to Ben C. Hill, attorney, Tucson, Arizona, who represents the American Smelting and Refining Company, that he could probably give him the reference which I personally do not have.

Now regarding my own arrangement with your company and in connection with the Magma, I may say that my physical condition appears to be slowly but steadily improving. I find that I can carry on my office work without difficulty or discomfort and can take fairly long auto trips, also I can walk better on level ground but the strength is not coming back to my knees as quickly as I'd hoped and it will probably be some weeks, perhaps months, before I could climb around on ladders or crawl through stopes, in any satisfactory manner.

To meet this situation in connection with some of my other work I am at present trying to arrange to secure at intervals the services of an assistant (a local mining engineer of considerable experience) whom I plan to take with me on mining trips and who would relieve me of the more strenuous part of any mine examination. I do not expect that there would be any reason for me to go to Chloride again until probably October and if you feel that I would be of service to you with the above limitation I will be glad to accept the arrangement which we discussed and which is outlined in my letter of August 14 with the understanding that I will personally pay all fees and expenses of my assistant. This matter, again, I leave to your judgment

and the arrangement could be cancelled at any time if my condition does not improve as I anticipate.

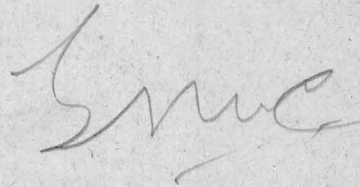
I presume that tomorrow I will receive the copy of the Magma lease and any instruction that you may have in that connection. Meantime I am very glad to hear that both you and Miss Decker have completely recovered from your unpleasant and dangerous experience in the desert and am sincerely hoping that you will take better precaution in the future.

Personal regards,

Yours very truly,

encl (3)

GMC/tar





**C O P Y**  
FROM  
**TENNESSEE SCHUYLKILL CORPORATION**  
CHLORIDE, ARIZONA

September 5, 1945

Mr. Carl G. Krook, Trustee  
P. O. Box 1029  
Kingman, Arizona

Dear Mr. Krook:

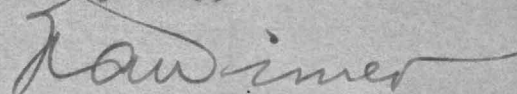
Referring to the letter written to you by Mines Operating Company dated August 7th regarding the question of whether tax on freight should be included as freight, I would have written you sooner regarding this letter but have been unable to do so for reasons with which you are familiar.

I note that in one of your letters to Mines Operating Company you stated that this was a matter that should be settled between that Company and ourselves. I also note that you have started following the procedure requested by Mines Operating Company in this letter in connection with freight charges. I wish to go on record as stating very definitely that I do not consider their interpretation correct. In other words, tax on freight certainly is freight.

It also seems to me that quite a fuss is being made over little or nothing. I note that the amounts they complain of would scarcely provide payment for an ordinary lunch for an office worker whose appetite was small. For example, a carload of lead concentrates, the return on which usually runs from \$7,000 to \$7,500, would require that an average of an extra dollar per carload be collected by the twenty-seven men who are present partners in the contracting company.

Even so, it seems to me that I would not have the authority to make the interpretation that tax on freight should not be included as a freight charge. Perhaps you, as the Company's attorney, could determine the answer to this question.

Yours very truly,



H. A. Wimer - President

NAW:df

*Thanks & so to the President*

NYE A. WIMER  
530 WEST SIXTH STREET  
LOS ANGELES 14, CALIFORNIA

A 9/8 '45  
September 5, 1945

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

Dear Mr. Colvocoresses:

Referring to your letter of August 14th in which you outline what your charges would be to act as consultant for the Tennessee and the Magma subject to the improvement of your physical condition to a point where you feel you can undertake the work. I believe I wrote you previously that the fees you named would be satisfactory. I am wondering if you are in a position at this time to let me know whether you feel you can take on this work. There will probably be nothing done at the Magma for two or three months, however, the Tennessee will be needing attention right along. X  
dash

Thank you for the copy of the letter you wrote to Mr. Strobel. Yesterday, I sent you a copy of a letter for attention of the Quota Committee. X

*I wrote Strobel*

I am planning to leave for New York Sunday, September 9th, and hope to be back within two weeks. Meanwhile, any communication intended for me will reach me promptly if sent to me at this address as Miss Decker, my secretary, will be here and will be in touch with me daily. X

I also sent you a copy of a letter yesterday that I had written to Joe Klein. I hope I hear from him before I leave for the East. X

I acknowledge receipt of your letter of August 31st. I was glad to know that you had discussed our situation with Mr. Murdock and that he believes our proposals to the contractors were fair and reasonable and, also, that he will make a special trip to Chloride for the purpose of undertaking to see that as many of the present contractors as possible look at the matter from a reasonable standpoint. ✓

At the meeting I had with the contractors, I took with me an observer and I have asked him to write up a story of what he saw and heard. When this is completed, I shall send a copy of it to you.

While I am in the East, I plan to call on some of the members of the Quota Committee and find out from them what I can about the possibility of the Tennessee premiums being reinstated.

When you wrote me regarding the placer property at Congress Junction, you forgot to return to me the original of Mr. Jones' letter. I would appreciate it if you would send this back to me.

*OK*



NYE A. WIMER

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September 5, 1945

lo  
The charges for development that have been made by our contractors are a matter that I believe should have some attention as I wrote you a while back. This is especially true now that they plan to leave November 1st. *? what to do*

I am enclosing a copy of their monthly operating report for July together with a photostatic copy of their progress map for the same month. You have in your files copies of these reports for the first six months of 1945, also for December, 1944. I do not have copies of these as I sent you the only ones we have. If you will return them to me, I will have copies of them made and also photostatic copies of the attached maps and send them back to you in case you feel you should have them on hand. I do believe, however, the Company's files should have the original of these reports so if you will return them, it will be appreciated. *X*

I am also enclosing a copy of the lease made on the Magma. The cash payments are a little bit different than you and I discussed but were caused by taxes which cannot be put off longer than the period named in the lease. *int. plan*

Both Miss Decker and myself are completely recovered from our desert experience and, of course, we are both thankful that there were no ill-effects.

Yours very truly,

*NAWimer*

NAWimer:dmf  
encls.

*Re Price not to v. 2. think I  
may have an older man.*

COPY

FROM

TENNESSEE SCHUYLKILL CORPORATION

CHLORIDE, ARIZONA

September 4, 1945

Mr. Landon F. Strobel  
Executive Secretary, Quota Committee  
Premium Price Plan for Copper, Lead & Zinc  
Social Security Building - Room 4317  
War Production Board  
Washington, D. C.

Dear Mr. Strobel:

It was a surprise to receive advice from you that the Quota Committee had revised the quotas on production from the Tennessee Mine effective October 1st especially in view of the information contained in my letter to you dated August 21st.

It is the writers understanding that according to the last act of Congress regarding premium payments, provision for quota revision was authorized only in cases where excessive profits were being made. If this is true I do not believe the Quota Committee would have cancelled a portion of the premiums allotted to the Tennessee Mine if they had all of the facts before them.

I further believe that an opportunity should be granted to this Corporation allowing them to present evidence to the Quota Committee that would enable these premiums to be reinstated. Would you be kind enough to write us stating the basis upon which the Quota Committee took action and if it would be possible to request that this act can be reversed upon a proper showing by the Corporation.

Very truly yours,

TENNESSEE SCHUYLKILL CORPORATION

By



N. A. Wimer - President

NAW:D



NYE A. WIMER  
530 WEST SIXTH STREET  
LOS ANGELES 14, CALIFORNIA

September 4, 1945

Mr. Joseph P. Klein  
P. O. Box #571  
Ventura, Calif.

Dear Mr. Klein:

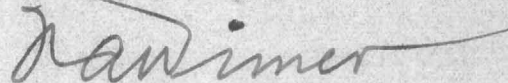
C  
O  
P  
Y

At the suggestion of G. M. Colvocoresses of Phoenix, I am writing you to inquire if you would be available and interested in discussing with me, employment at Chloride, Arizona, in connection with the operation of the Tennessee Mine. You may recall meeting the writer at the Tennessee Mine during the period you were at the Silver Hill at Chloride.

We are now in a position to arrange an attractive situation for the right man and Mr. Colvocoresses states that he believes you can handle the situation satisfactorily.

The writer plans to make a business trip to New York City in the near future, starting perhaps Sunday, September 9th. It is my hope to return within two weeks. If it is possible for you to communicate with me this week we could perhaps arrange to meet and talk the matter over before I get away. Would like to hear from you at your earliest convenience.

Very truly yours,



N. A. Wimer - President  
Tennessee Schuylkill Corporation

NAW:D  
c.c. G. M. Colvocoresses

**NYE A. WIMER**  
530 WEST SIXTH STREET  
LOS ANGELES 14, CALIFORNIA

September 5, 1945

*Air 9/6 45*

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

Dear Mr. Colvocoresses:

The attached was received in the mail recently.

Personally, I doubt if Mr. Rice would be the kind of a man we are looking for but I thought I would forward his application to you for your information.

Sincerely yours,

*Nawimer*

NAWimer:dmf  
encl.



RE: TENNESSEE MINE.

Los Angeles, Cal. Sept. 20, 1922

Mr. H. T. Rudisill, Los Angeles.

Dear Sir:

Following are some notes in reference to the ore bodies developed in the Schuylkill-Tennessee Mines during the two years of operation under my supervision:

In drifting north towards the Schuylkill on the 900' level of the Tennessee Mine we drove through an ore shoot 140' long with an average width of about 4'. The north end of this shoot is on the Schuylkill Mine. At this point the values became lower. Since no work has been done between this point and the surface--some 900'-- I think it is safe to assume that this ore shoot comes to the surface. In assuming this I am basing my opinion on the fact that the original Tennessee ore shoot, only a few feet south, has been mined from the surface to a depth of 1600'. Also the Schuylkill and Elkhart ore shoots, on the north, have been mined from the surface downward.

From investigations made on the extreme north ends of the 1170 and 1250 stopes of the Old Tennessee ore shoot, it is my opinion that this shoot connects up with the new ore body opened on the 900, thus demonstrating its continuity to, at least, that depth. Here I would refer you to the Schuylkill-Tennessee map and the list of assays accompanying this. The assays represent every car of ore hoisted in driving thru this ore on the 900' which ore is now on the (at the mine) dump/and can be checked up. I think, therefore, it is safe to estimate an ore body here, 140' long, 1250' deep by 4' in thickness, amounting to 700,000 cu. feet, which at 10 cubic feet per ton, amounts to 70,000 tons.

This is exclusive of the shipping ore left in the old Tennessee ore shoot, in which the U. S. Smelting Co., operated for a number of years prior to my connection with the mines. I have seen and sampled some of the old stopes left by those operators, but owing to the caved condition of the workings, I was unable to make a satisfactory estimate of the amount left. Each one of six places in which they were working showed from 4 to 7 feet of ore. These can be pointed out on the

2-

map. In addition to the shipping ore left in the old stopes, there is a large tonnage of lower grade mill ore that could be milled profitably on the ground. In this connection I would say that I examined the old Tennessee ore shoot on the 1600' level and found four feet of average grade ore in the bottom of drift.

In drifting into the Schuylkill ground on the 900 level Tennessee, we drove thru low grade material for some distance, finally encountering another ore body, on which we drifted some 60'. At a favorable point we raised to the 800' level Schuylkill 152', all in good ore,--list of samples therefrom accompany this. There is still 3 ft. of average grade ore in the breast of this drift.--Tennessee 900 ft. level---and as it goes down below the drift and shows up to the 500' level, it is impossible to make an accurate estimate of the tonnage therein.

In conclusion, would say, that if you will take the two lists of assays accompanying this letter and compare with the Schuylkill Tennessee Map, estimating therefrom, you will get a good idea of the amount of available ore in both mines.

Very truly yours,

(signed) M. J. Kelly.



## 900 DRIFT

	Gold	Silver	Lead	Zinc.
No. 1	.06	5.8	18.5	16.8
2	.02	6.8	12.5	19.7
3	.04	3.	6.5	19.2
4	.06	5.6	16.8	11.7
5	.08	5.2	14.1	18.2
6	.04	6.4	16.	20.1
7	.08	9.20	24	27.2
8	.08	4.2	6.5	19.3
9	.12	12.3	28.5	14.8
10	.10	7.3	17.3	19.8
11	.04	1.8	4.1	8.9
12	.02	1.6	1.7	5.7
13	Tr.	1.6	2.3	6.1
14	.02	1.2	1.3	5.
15	Tr.	1.2	1.2	6.1
16	.04	1.2	.9	7.4
17	.1	3.	2.25	18.5
18	.42	3.	5.3	13.1
19	1.05	7.5	13.25	32.7

## RAISE TO SCHUYLKILL

6'	.14	1.3	2.1	29.
5.5'	.14	1.1	2.2	3.7
5.'	.30	3.1	9.3	5.0
5'	.14	1.5	2.7	4.4
5'	.44	3.6	12.4	5.6
4'	.72	5.3	18.8	6.5
4'	.80	6.6	22.4	8.7
3.5'	.28	4.2	12.8	10.9
4'	.22	2.6	6.4	7.7
4'	.18	2.8	7.0	8.7

TENNESSEE & SCHUYLKILL: - Owned by Frank Garbutt, Leased and operated by Dawson and M.J. Keily - latter is Manager at the property. Located at end of railroad spur at Chloride.

Reopening old workings and developing the vein on 1250 foot level. Expect to be able to ship 50 tons per day by December or January and three months later to increase to 100 tons. Mine worked to 1600' level. Ore reserves from old maps etc. and Keily's knowledge of property placed at 100,000 tons of which 40,000 are on the Schuylkill. All ore is suitable for differential flotation and yields good recoveries in Pb. and Zn.

	<u>Assays of Ore.</u>				
	A.	B.	C.	D.	E.
Last Shipments.:	High Grade:	Low Grade:	Average of:	Vein recently	
:	:	:	:	struck on	
:	:	:	:	developed : 1250' level.	
Au.	0.06 oz.	0.2 oz.	0.05 oz.	0.06 oz.	0.09 oz.
Ag.	5.74 "	4.4 "	4.0 "	5.0 "	4.60 "
Cu.	-	-	-	0.19 %	0.68 %
Pb.	13.16 %	13.5 %	4.5 %	8.0 %	6.42 % to
Zn.	14.80 %	17.0 %	10.0 %	14.0 %	14.0 % to
Fe.	6.7 %	-	-	7.0 %	11.45 %

Tennessee does not expect to ship to Smith's mill, now nearing completion, and Keily says that any mill at Chloride will lack water to operate at more than 50 tons per day capacity.

On basis of terms offered:

B. ore would net shipper at mine	\$14.41 per ton.
C. " " " " " "	5.50 " "
D. " " " " " "	9.70 " "

Mine is not under contract at present. Keily says that all costs (including development) to produce D grade of ore should not exceed \$5.00 per ton. He will contract with and ship to best bidder and is well pleased with terms tentatively offered by Humboldt which will beat Tooele or Midvale terms by about \$2.00 plus per ton.

COMPARATIVE TERMS - To Tennessee

	<u>ASSAY</u>				U.S. Pays	Tooele	Humboldt	Profit to Humboldt
	Au.	Ag.	Pb.	Zn.				
Ore #1	0.2	5.5	13.5	17	13.81	13.22	14.96	2.74
Ore #2	0.1	4.0	7.0	17	7.64	7.13	9.23	2.00 +

*S.M. Colvocoresses*  
*visited with A.B. Young - Sept. 20, 1926*



## TENNESSEE MINE.

Chloride, Mojave County, Arizona.

Owners: Monarch Lead Co., M. J. Kieley, Mgr.

Property: Includes Tennessee and Schuylkill Mines, which are connected underground on 900' level.

Date Visited: September 4, 1929, by G. J. Harbauer.

Development: Main vertical shaft is located on the Tennessee Claim and is 1400' deep. A winze extends to 1600' level. Main working levels are 900', 1170' and 1400'.

Equipment: Electric hoist, steel headframe, compressor plant and shops. A new 150 ton selective flotation mill is being built and should be in operation within two months, or about November 1st. Ore will be hoisted in self-dumping skip and dumped directly into crusher bin. Crushed ore from Blake crusher will be elevated to fine ore bin at head of mill. Mill machinery consists of one #64½ Marcy Ball Mill, a Dorr Duplex Classifier, a 16 cell M. S. Flotation machine, a Dorr Thickener for tails and one for concentrates and 4 leaf American filter placed over shipping bin on railroad truck.

Production: Mine is to produce 125 tons daily of the following composition:

Au. .15 oz. Ag. 6.0 oz. Cu. 0.5% Pb 8% Zn 14% Fe 7%.

Ration of Concentrator is about 4½ into 1 and output is estimated at ten tons of 45-50% Pb. The lead concentrate will contain 2.5% Cu. Estimates of ore reserves in the mines range from 150,000 tons to 200,000 tons and the Tennessee alone has produced around 300,000 tons. The average grade of the ore shipped from the Tennessee Mine during the last year of operation (1916) was as follows:

Au. .06 oz. Ag. 6.0 Pb. 7%, Zn 17%, Fe 10%.

The ore in the Schuylkill Mine has a lower zinc content than the Tennessee ore and assays as follows:

Au. .30 oz. Ag. 5.0 oz. Pb. 5%, Zn. 7%.

The ore to be treated in the new mill will be a mixture of ores from the two mines and the analysis given of the proposed mill feed seems to be a reasonable one.



NOTES ON TENNESSEE MINE

Location: Chloride, Mohave County, Arizona.

Owners: Monarch Lead Co., M. J. Kieley, Mgr.

Property: Includes Tennessee and Schuylkill Mines, which are connected underground on 900' level.

Date Visited: September 4, 1929 - by G. J. Harbauer.

Development: Main vertical shaft is located on the Tennessee Claim and is 1400' deep. A winze extends to 1660' level. Main working levels are 900', 1170' and 1400'.

Equipment: Electric hoist, steel headframe, compressor plant and shops. A new 150-ton selective flotation mill is being built and should be in operation within two months, or about Nov. 1st. Ore will be hoisted in self dumping skip and dumped directly into crusher bin. Crushed ore from Blake crusher will be elevated to fine ore bin at head of mill. Mill machinery consists of one #64 $\frac{1}{2}$  Marcy ball mill, a Dorr Duplex classifier, a 16 cell M. S. Flotation machine, a Dorr thickener for tails and one for concentrates and 4 leaf American filter placed over shipping bin on railroad track.

Production: Mine is to produce 125 tons daily of the following composition:

<u>Au.</u>	<u>Ag.</u>	<u>Cu.</u>	<u>Pb.</u>	<u>Zu.</u>	<u>Fe.</u>
.15 oz.	6.0 oz.	0.5 %	8%	14%	7%

Ratio of Concentrator:

is about 4 $\frac{1}{2}$  into 1 and output is estimated at 10 tons of 45-50% Pb. The lead concentrate will contain 2.5% Cu. Estimates of ore reserves in the mines range from 150,000 tons to 200,000 tons and the Tennessee alone has produced around 300,000 tons. The average grade of the ore shipped from the Tennessee Mine during the last year of operation (1916) was as follows:

<u>Au.</u>	<u>Ag.</u>	<u>Pb.</u>	<u>Zu.</u>	<u>Fe.</u>
.06 oz.	6.0 oz.	7%	17%	10%

The ore in the Schuylkill Mine has a lower zinc content than the Tennessee ore and assays as follows:

Au.- .30 oz, Ag.- 5.0 oz, Pb.- 5%, Zn. 7%

The ore to be treated in the new mill will be a mixture of ores from the two mines and the analysis given of the proposed mill feed seems to be a reasonable one.



DISTRICT: Chloride  
PROPERTY: Tennessee Mine, including Tennessee and Schuylkill  
LOCATION: Half mile east of town of Chloride and on west slope of Cerbat range. Elevation 4,050 feet.  
OWNERS: F. A. Garbutt, 648 So. Olive St., Los Angeles, Cal.  
DATE VISITED: September 4 and 5, 1919  
NOTES: Two claims, the Tennessee and Schuylkill

#### History

Owned by A. M. MacDuffee and a Mr. Botsford originally, sold to Hualapai Mining Company in 1897 and operated by them until 1903. During this period about one car of concentrates per day was produced, in addition to considerable high grade ore, all of which came from above the 500 foot level of the Tennessee Claim. Property was shut down in 1904 and 1905, and again operated at a later date under lease by the United States Zinc Company, who constructed a concentrator at Needles for treatment of mill ore. This Company leased the property on a basis of twenty-five cents per ton royalty, in addition to payments that were to be made at regular intervals. During the last month of operation by this Company in 1916 they made \$30,000 net, according to reports. They endeavored to get an extension on a payment due at that time, but Mr. Garbutt obtained a verbal option from the owners for \$10,000 and when the lessor attempted to extend payment, the owners called their bluff and the property was taken away from the U. S. people. That they did not intend to let the property go, but were merely bluffing regarding payment, is evidenced by the fact that they blasted the walls in all working stopes and faces the last day and endeavored to ruin the property. Some evidence of this was still apparent at time of my visit. Also, in one stope above the 900 level there is a working face of from 80 to 100 feet in length, which consists of from four to seven feet of solid lead ore, which alone would have netted more than payment price.

The mine is situated on the Tennessee vein, striking north 8° west and dipping 70° to the east.

The Schuylkill, purchased by Garbutt previous to his purchase of the Tennessee, lies to the north, and north of this the Elkhart, the former property idle at the present time but the latter operated by a Mr. Collier thru the workings of the Schuylkill. Elevations accompanying this report will show all workings both of the Tennessee and the Schuylkill as well as Elkhart properties.

#### Geology

Vein a fissure vein occurring in a Pre Cambrian Gneiss composed of sericitized feldspar and quartz with considerable chlorite, very hard and tough but granite frequently occurs close to the vein. The walls at times are very well defined and stand well; at other points they may be very soft and require close timbering and filling to prevent caving. The schist occurring in connection with the gneiss is a fine-grained hornblende schist, while the granite is largely a



pinkish microcline with considerable quartz but a very small amount of mica.

Development

As shown in accompanying maps, everything above the 500 foot level on the Tennessee is caved, and a portion of the ground around the old stopes below this level.

Schuykill ground should be in good condition since there has been little or no stoping. Recent connection between the 900 level of the Tennessee and the Schuykill by a raise exposes a good body of lead ore for the entire height of the raise four feet in width.

Ore Bodies and Tonnage

Any estimate of tonnage from present ore showing in the drifts would be small since everything is lagged carefully, and the borders of old stopes are inaccessible. The local manager has estimated a total of 200,000 tons of ore of the following grade:

Gold	\$1.20	
Silver	6	Oz.
Lead	7	%
Zinc	17	%
Iron	10	%

This grade of ore is based on a large tonnage of mill ore shipped to the Needles Smelter & Mill during the time of their operations.

The above estimation of tonnage is large for the Tennessee alone, although there is a probability of producing this tonnage of ore from the two mines.

Plans

The Company contemplates the construction of a 100 Ton Mill, and anticipates the use of jigs in first stages of concentration, with later table concentration, and finally flotation. They expect to clean concentrates and make three separate products. The following tests and returns are the result of one 5 Ton test made on the ores of the Tennessee Mine.

<u>Heads</u>	Gold	\$3.00	
	Silver	5.6	Oz.
	Lead	7.31	%
	Iron	10.2	%
	Zinc	12.80	%
	SiO2	45.4	%

The above to produce the following lead concentrate on a basis of 1 Ton lead Conc. to 5.5 Tons of ore

<u>Lead Conc.</u>	Gold	\$11.00	
<u>1 Ton</u>	Silver	20.40	Oz.
	Lead	36.1	%
	Zinc	3.1	%
	Iron	28.1	%
	SiO2	3.5	%

<u>Zinc Conc.</u>	Gold	\$ 2.40	
<u>1.6 Tons</u>	Silver	5.2	Oz.
	Lead	2.5	%
	Zinc	39.2	%
	Iron	13.0	%
	SiO2	17.10	%

It is also the intention to clean the concentrate and produce one ton of iron concentrate from every



twenty tons of ore treated.

Jig tests crushing to plus one-fourth inch:

	Au	Ag(oz)	Pb(%)	Zn(%)	Fe(%)
<u>Lead Conc.</u>	\$4.00	20.20	38.7	7.6	5.6
<u>Zinc Conc.</u>	1.60	5.2	3.2	46.0	9.4
<u>Iron Conc.</u>	2.00	3.2			49.0

The capacity of the Mill that will be built will be limited to a large extent by the capacity of their present working shaft since said shaft is only a two compartment shaft using one double deck cage and hoisting approximately two tons per trip. Probable capacity of this shaft will not exceed 150 tons with present hoist and handling of timber tools and men.

Conclusion

From present indications, the Tennessee and Schuylkill and Elkhart properties present the best-known source of lead ore and should produce approximately 20 tons daily of combined coarse ore and jig concentrates with an equal amount of lead concentrates from tables and flotation machines with a Mill of 150 tons daily capacity.

Ore Bodies  
and Tonnage

The following estimate on tonnage is based upon a survey of the various blocks of ground shown on the accompanying maps and listed from "A" to "U" inclusive. Assay values for these areas were taken from the assay maps prepared by the United States Smelting Co., made during their period of operation. In cases where there was no assay values shown on the map, the grade of the ore was determined by referring to the nearest block of ground of known grade, or from statements made by Superintendent Kiley.

<u>Block</u>	<u>Tonnage</u>	<u>Au. Oz.</u>	<u>Ag. Oz.</u>	<u>Pb. %</u>	<u>Zn. %</u>
A	3,434	.12	7.5	12.5	22.0
B	1,050	.10	5.51	10.6	23.6
C	1,725	.10	5.50	10.6	23.6
D	2,890	.15	5.60	9.0	15.0
E	6,500	.10	5.50	22.0	15.0
G	1,933	.07	7.24	12.21	17.27
H	3,060	.05	4.32	10.32	29.14
I	4,185	.10	5.50	10.6	23.6
L	1,200	.07	7.00	10.0	13.0
M	1,800	.06	5.47	8.10	20.4
J	8,420	.05	4.32	10.12	20.14
N & O	2,880	.05	9.20	13.10	21.0
P	1,440	.05	4.30	10.1	20.14
Q	11,200	.05	4.30	10.12	15.0
R	3,000	.05	5.00	7.00	10.0
S	3,920	.05	5.00	7.0	10.0
T	2,800	.05	4.32	10.32	15.0
S-2	4,200	.05	6.00	7.0	17.00
U	3,750	.06	5.90	6.8	16.8
	<u>69,394</u>	<u>.06</u>	<u>5.38</u>	<u>10.8</u>	<u>17.3</u>



The records of the United States Smelting Co., for the year 1916 showed the following grade of ore shipped to their Needles Mill and Smelter:

Gold	.06 Oz.	
Silver	6.02 Oz.	
Lead	7.36	%
Zinc	17.0	%
Iron	10.2	%

In addition, the old records show the total of 278,000 tons of ore shipped by the United Smelting Company during their entire period of operation. The grade of this material was not ascertained, but was probably similar to the material shipped during 1916. There is apparently a discrepancy in the lead values of 3% on my estimate over shipment records, and I believe this figure of 10.8 percent lead, for the ore remaining in the Mine, to be high.

No estimate of tonnage was obtained for the ore blocked out in the Schuykill property, but according to Mr. Kiley of the Tennessee, there is 150,000 tons of ore blocked out in this property, carrying a higher percentage of lead, ~~lower~~ value in gold, and lower percentage of zinc than indicated by Tennessee shipments.

W.V.DeC.



TENNESSEE

Chloride, Mojave County.

Near town of Chloride. Within 1 mile.

OPERATORS: Property was purchased by Mr. Frank Garbutt of Los Angeles upon termination of option held by U. S. Mining & Smelting Company. About the same time, title to the adjoining Schuylkill Mine was obtained; both properties being operated by one management.

Tennessee is now opened up to the 1600 foot level, and at 900 feet the Schuylkill ground is being developed from Tennessee workings. Both properties are reputed to be in very good shape physically.

Average values over one year's operation according to Mr. Kyle, Supt. was .06 au; 6 oz. ag, 7% Pb., 17% Zn., 10% Fe.

A concentrating mill is being considered.

A. Burnett, June 14, 1919

*July 46*











