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ARIZONA BUTTE MINES CO.

District: Stockton Hill

Location: Stockton Hill; about 15 miles by wagon road northwest of Kingman, Arizona. Elevation of 4800 feet.

Owners: Arizona Butte Mines Co., incorporated under laws of Arizona, Capital stock 2,000,000 shares, one dollar par. Of this 1,375,000 shares are issued and outstanding, balance in treasury. Officers: H. M. Crowther, President and General Manager, Kingman, Arizona.

Date visited: September 1 and 2, 1919.

NOTES:

35 Claims located along what is known as the Prince George vein, striking N. 40° W. and dipping to the N. E. 30°.

G E O L O G Y

Veins are fissures of movement, occurring in a Pre-Cambrian complex consisting of Gneiss, Gneissoid Granite and Schist cut by numerous acid and basic dikes of per-mineral age. The main vein at one point may be in a fine grained Gneiss, and at other points in the Gneiss but with parallel bands of pegmatite on either wall. The walls are badly sheared and crushed, necessitating heavy timbering or filling. The usual method is to mine out the ore and fill with barren vein filling or wall rock.

H I S T O R Y

In the early eighties the various claims shown on the attached maps as the Banner, Prince George and De La Fontaine are credited with a production of a million ounces of silver, taken largely from the rich surface ores.

During 1917 the properties were consolidated under present management, \$100,000.00 raised from sale of stock, the greater portion of which was expended in the construction of a mill and in opening some of the old workings - entirely by hand methods of mining. A leasing system was adopted and approximately 90 cars of ore and concentrates were shipped during 1919.

The following is an average of the above shipments, though there was no means at hand of identifying concentrate from crude ore shipments:

<u>Tons</u>	<u>Au</u>	<u>Ag</u>	<u>Pb</u>
2624	.35 oz.	15.1 oz.	27.5 %

At the present time the Company has two sets of leasers working in the upper levels and contemplates the reconstruction of the mill, which has been idle for nearly a year. They are also preparing to drive a tunnel, already in 600 feet, a distance of 11,000 feet to tap their main workings at a maximum depth of one thousand feet. The tunnel will be on the vein. They are also equipping with air in order to increase number of leasers, and under the splitcheck system will supply everything, charging for air, steel, sharpening, hauling and milling.

D E V E L O P M E N T

Development consists of several thousand feet of tunnels as well as some drifting from the intersection shaft as shown on the accompanying blue print. The infallible tunnel is open for the greater portion of its length, and it is from this tunnel and the winze shown that the present production is being made.

Blue print of elevation shows various blocks of ground and tonnage and grade of ore contained. There is no reason to doubt this estimate, and in fact deep development should produce much larger tonnage. Widths of ore vary from a few inches up to 3 feet. The owners have no exact knowledge of these orebodies except from previous shipments around their borders, and there are no assay maps at hand.

Concentrator, using jigs and tables, has a capacity of 180 tons per day, although it will be several months before this tonnage is attained. It is their intention to use this mill as custom mill for leasers on split-check system; also, to buy some outside ore and a sampler will be installed for this purpose.

A 75 H. P. Fairbanks Morse type engine has been installed at mouth of deep tunnel; also, a 10 x 12 single stage Ingersoll-Rand Compressor, belt driven from the gas engine. This equipment appears inadequate for a long tunnel. The power line of the Desert Light and Power Company crosses the portal of the tunnel, but for some reason the operators think they can operate more cheaply on their own power.

A similar plant is being installed at the upper workings of the mine with a view of supplying air for the leasers. Jackhammers

will be used both at the tunnel and by leasers, and are entirely adequate for the character of ground encountered along the vein; and in fact, in stoping operations due to heavy ground and soft ore, I doubt the wisdom of using machines, since handwork is quite efficient and would save a great admixture of waste.

C O N C L U S I O N

Estimate of 25,000 tons of grade of ore as follows:

Au \$4.00, Ag 5 oz., Pb 15%, and Zn 10% is probably reasonable.

In the event that the Company continues operations as planned and reconstructs the mill, the property can produce approximately four to five cars monthly of crude ore and concentrates of approximately the following composition: Au .8 oz., Ag 12.3 oz., Pb 50%, Zn 7%.

The veins are narrow, or at least the ore is narrow, varying as mined by leasers from six inches to two feet - costs will be high.

Mining Cost	\$7.00	Per ton
Milling "	2.50	" "
Haul ratio Stol	1.00	" "
Freight 5 to 1	.90	" "
Total	11.40	

Crude ore, where mined, will cost \$15.00 to Humboldt, due to haul.

Total cost, including treatment on mill concentrates will be for

Milling ore	\$12.60	Per ton
Shipping "	25.40	" "

Margin of profit for leasers and Company will be small, although Company will get some benefit from shipments of zinc, which they do not propose to pay for at the mill.

As a producer of lead the Company should be able within five months to produce five cars monthly of 15 to 50 per cent lead ore, either as concentrates or coarse ore, but can hardly be depended on for any great amount of coarse ore, and their maximum shipments of such ore will probably not exceed two cars per month varying from 22 to 40% lead.

W. V. DeCamp

MILLING RESULTS - 849 TON LOT

	Weight Pounds	Tons	Oz. Gold	Oz. Ag.	% Cu.	% Lead	% Zinc	% Sil.	% Iron	% Lime	% Sulph.
Crude Ore	1,898,195	849	.324	4.97	.29	15.67	10.4	55.5	5.2	1.	9.7
Lead Concentrates	311,440	155	.277	10.51	.20	63.07	6.2	8.1	3.05	0.9	15.1
Lead Concentrates	108,026	54	2.58	17.91	.49	51.1	12.2	3.3	3.5	0.9	20.4
Zinc Concentrates	260,000	130	.356	6.53	.95	4.22	42.3	15.	6.9		
Millings			.055	1.35	.13	.42	3.6	90.9	1.15		
Percent Recovery			83.	81.8	--	98.0	80.8	--	41.5		

4.04 Tons Crude Ore - - - - 1 Ton Lead Concentrates
 6.53 " " - - - - 1 " Zinc "

AVERAGE ASSAYS FROM SAMPLES MAPS

	Feet	Oz. Gold	Oz. Silver	% Lead	% Zinc	Total Value
Inner Shaft, 36 Assays	1.59	.235	5.4	20.8	14.6	\$36.92 per ton
Inner Shaft, 165 Ft. level, 37 Assays	1.5	.21	9.0	27.2	13.0	43.25 " "
Inner Shaft, 330 Ft. level, N., 21 Assays	1.3	.35	4.3	15.0	13.2	34.00 " "
Inner Shaft, 330 Ft. level, S., 35 Assays	1.29	.21	5.4	15.0	13.1	31.79 " "
Inner Shaft, 430 Ft. level, N., 3 Assays	.8	.31	3.0	7.9	7.6	21.31 " "
Inner Shaft, 430 Ft. level, S., 13 Assays	1.7	.50	5.0	11.1	12.7	30.71 " "

Based on (Gold, \$19., Silver 50¢ Oz.)
 (Lead 4¢ Zinc 5¢ Lb.)) Net from Smelters

Assuming double striping width: approx grade = 2 1/2 to 3 - 13, 2.5%, 8% - 6%

gmc

LIBRARY
EAGLE-PICHER M. & S. CO.

DISTRICT: Stockton Hill, Mojave County.

PROPERTY: Arizona Butte

LOCATION: Some 15 miles northerly from Kingman

*See Claim Map. D-2-37-
D-2-38*

OPERATORS: Now being operated by a number of lessees.

Several properties have been consolidated and a tunnel to open up deeper ones is being planned for. Mr. H. Crowther, Genl. Mgr. now in New York in connection with financing of this tunnel.

Did not visit the property, but it is reputed as being most promising, and there is a likelihood of it' becoming a lead silver producer of some prominence.

A. Burnett.
June 14, 1919

gme

Kingman Ariz, June 8th 1919

Messrs. Consolidated Arizona Smelting Co,
Humboldt, Arizona

Gentlemen:

The Arizona Butte Group requires a special automobile to reach it, for which reason I did not visit the property, but have made a number of enquiries. I find from Mr. McGinley, an engineer who has been in the district some 4 years, that possibly two cars a week are now being shipped from the property by leasees. Mr. Crowthers the manager is now in the East, to finance the driving of a 2000 ft. tunnel to strike the ore bodies at depth. The property has been a shipper of some note in the past, and the belief is that it will again be a shipper.

I might remark that throughout the Chloride district as a whole, an impoverished zone seems to obtain near or immediately below the oxidized zone. This zone of impoverishment may persist for a hundred feet or thereabouts, when the unaltered sulphides are again encountered, often of a grade high enough to ship, at other places being but a milling ore. The conditions seem to prevent the shipping of an ore below \$25.00 per ton, the smelter and freight rates being such as but a small margin is left even with such grade.

Referring again to the Arizona Butte, a mill of 50 to 75 tons capacity is now erected on the ground, but little if any concentrate has been produced. I understand the mill was built without an immediate supply of ore being available.

Respectfully submitted,

A. Burnett.

MINING LEASE AND PURCHASE AGREEMENT

This Agreement, made and entered into this the _____ day of June, 1980, by and between Severt H. Reither, Margaret Reither and Frank Reither, sometimes doing business as Continental Divide Distributing Company, of Route 2 Box 418, Aitkin, Minnesota 56431, hereinafter called "Lessors" and Desert Metals, Inc., T. W. Anderson, President, P. O. Box 3081, Scottsdale, Arizona 85257, hereinafter called "Lessee".

WITNESSETH:

Lessors, for and in consideration of the payments of the royalties and performance of the terms, covenants and conditions set forth herein for the Lessee to be kept, paid and performed, does by these presents grant and lease to said Lessee, all these certain mining properties belonging to and represented by Lessor situated in Mohave County, Secs. 4,5,8 & 9, R-17-W, T-22-N, G.&S.R.M., Cerbat Mining District, Arizona and named as follows:

- | | | | |
|-------------------------------|-----------|-----|----------------------------|
| 1. De la Fontaine - Pat. | } 569-728 | 7. | LOC. NOTICES |
| 2. De la Fontaine - Ext. #1 | | 8. | 382-633 - 6-P 226 |
| 3. De la Fontaine - Ext. #2 | | 9. | 225 |
| √4. Della Lead 569-728 | | 10. | 4-C 416 |
| √5. Surprise Fraction 569-770 | | 11. | 382 631 - Ammended 4-C 417 |
| 6. | | 12. | |
| | | 13. | |

A map to be included in this Agreement as Exhibit "A".

Lessors also agree that any right title and interest in and to any surrounding mineral properties to above claims should be a part of this Agreement, should Lessee feel it necessary to properly re-stake, acquire or renew ownership thereof.

TERMS AND CONDITIONS

1. From the date of this Agreement, Lessee is hereby granted a period of time up to and including 15 Dec., 1980 during which he will have the free, exclusive, quiet and unrestricted right to, re-stake claims, explore, drill, excavate, assay, test and search for economical and mineable ore, rehabilitate surface and sub-surface workings, build test or experimental ore processing facilities, use water found thereon, block out, remove and stockpile ore reserves, ship limited amounts of ore for test purposes, etc., so long as said process and practices are done in a good and workmanlike manner and would not be detrimental to future operation and mine safety within these claims;

2. For the privilege of having this period of free examination time, the Lessee agrees to furnish Lessors an original copy of all evaluation work accomplished, including maps, reports, assays, determinations on ore processing and feasibility studies, drill logs, etc., if requested;

3. Lessors do, by their signatures hereto, state, declare and guarantee that they are the sole owners of these twelve (12) unpatented and one (1) patented mining claims and that they are free and clear of any liens or encumbrances of any kind or nature and that this condition shall continue so long as this Agreement is in effect.

4. It is mutually agreed herein that the purchase price of these 12 unpatented and 1 patented mineral claims shall be One Million Five Hundred Thousand Dollars (\$1,500,000), payable at a minimum advance royalty of Six Hundred Dollars (\$600.00)/mo., commencing on or before 15 Dec. 1980 or 5% of the gross proceeds of all ore and/or mineral values produced from these claims, whichever is greater. At the end of 18 months from the date of this signing, or 15 Dec. 81, the minimum advance royalty shall increase to \$1,000.00 (One Thousand Dollars) per month or 5% of Gross production, whichever is greater. These payments shall be paid into escrow account of Lessor to the 1st National Bank of Crosby, MN, by Lessee within thirty (30) days after receipt of settlements. The books and records of operator to be open at any reasonable time for Lessors or their agent's inspection, should any doubt be expressed as to payments due Lessors. The first Six Hundred Dollars (\$600.00) monthly payment shall be due on or before the 15th day of Dec. 1980 and each month thereafter and increasing to \$1,000/mo., as stated above.

5. On or before the expiration of this examination time Lessee and/or his agent shall submit written notice to Lessor of their intentions to abandon or continue occupancy of these mineral claims. Should Lessee be satisfied to continue occupancy, exploration, development and exploitation of these claims, they shall arrange a mutually acceptable escrow account to facilitate payments to Lessor as herein agreed, along

with escrow instructions specifying same;

6. It is also agreed by Lessors that they will place a good and negotiable quit claim deed to said claims in said escrow same to be released to Buyer or his assigns when the agreed sales price has been paid into escrow to account of Sellers;

7. Lessee hereby agrees to use his best efforts to get good and qualified associates and/or assigns to complete the necessary test work in the agreed examination period and begin payments when due;

8. It is fully understood by Lessors that Lessee and/or his assigns, agent, associates or designates shall have the exclusive, unrestricted and quiet enjoyment and occupancy of said claims and improvements, so long as they meet all the terms and conditions of this Agreement as listed herein;

9. Lessee hereby agrees to hold Lessors harmless from any lawsuits, causes of action or any such legal hassles resulting from his occupancy, possession or operation of said claims and also agrees to post notices of non-liability in conspicuous places upon the claims for the protection of Lessors;

10. Lessors hereby agree to allow Lessee to take claims to patent if he so desires, but ownership shall be retained by Lessor with same rights of purchase by Lessee as set up herein, until fully paid;

11. It is agreed that the title of all mining machinery, equipment, fixtures and structures erected or placed upon said mining claims and premises by Lessee shall be reserved to said Lessee and remain the Property of Lessee, subject to removal at his will, during the continuance of this Agreement, and ninety days thereafter.

12. Lessee hereby agrees to carry adequate Workmen's Compensation Insurance for the protection of all workmen employed on said mining premises and claims, or in the mining operations.

13. Since the claims are unpatented, annual assessment work must be performed on same. Lessee agrees to perform, and record, all work necessary to keep each claim valid including paying taxes due thereon.

14. Lessee may cancel or terminate this Lease, or Purchase Agreement upon thirty (30) days' notice in writing to that effect mailed to Lessor, at any time during the length of this Lease without penalty.

15. If Lessee fails, neglects, or refuses to pay rents and royalties as herein provided, and such defaulting continues for thirty (30) days after written notice has been received by Lessee to rectify such default, Lessor may re-enter said premises for his sole occupancy.

16. This Lease may be assigned in whole or in part by Lessee, and upon such assignment, the assignee shall be solely responsible to Lessors for such assignee's pro rata portion of any or all of the obligations or liabilities under this Lease and Agreement, and Lessee shall proportionately be relieved of any or all of said obligations or liabilities. Lessors in turn, shall accept and grant all rights and obligations of Lessee as stated herein of and to Assignee as if he were original Lessee.

17. Lessee further agrees to perform all mining operations in a good and workmanlike manner to properly and adequately timber, where necessary, all shafts, tunnels and all underground excavations for the safety of the workmen and the preservation of said premises as a mine in a manner commensurate with good and economical mining practices. Lessee agrees that he will operate said mine in full compliance with all State of ^{ARIZONA} ~~ARIZONA~~ and Federal Mining Laws.

This Agreement shall be binding upon and inure to the benefits of the heirs, administrators, executors, assigns and successors in interest of either Lessor or Lessee.

IN WITNESS WHEREOF, the parties hereto have signed this Mining Lease and Purchase Option the day and year herein above first written.

LESSEE:

DESERT METALS, INC.
T. W. Anderson, President

LESSORS:

SEVERT H. REITHER

MARGARET REITHER

FRANK REITHER (TRUSTEE)

LORRAINE REITHER

STATE OF }
County of } ss.

This instrument was acknowledged before me this _____ day of _____, 1980 by T. W. ANDERSON, President, DESERT METALS, INC.

Notary Public

My Commission Expires:

STATE OF MINNESOTA }
County of } ss.

This instrument was acknowledged before me this _____ day of _____, 1980 by SEVERT H. REITHER AND MARGARET REITHER.

Notary Public

My Commission Expires:

STATE OF COLORADO }
County of } ss.

This instrument was acknowledged before me this _____ day of _____, 1980 by FRANK REITHER & LORRAINE REITHER.

Notary Public

My Commission Expires:
